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(H.N.S.C. No. 104-7); Hearings on H...

**NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 1996—(H.R. 1530)**

AND

**OVERSIGHT OF PREVIOUSLY AUTHORIZED
PROGRAMS**

BEFORE THE

**COMMITTEE ON NATIONAL SECURITY
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS**

FIRST SESSION

**MILITARY PERSONNEL SUBCOMMITTEE HEARINGS
ON**

TITLE IV—PERSONNEL AUTHORIZATIONS

TITLE V—MILITARY PERSONNEL POLICY

**TITLE VI—COMPENSATION AND OTHER
PERSONNEL BENEFITS**

TITLE VII—HEALTH CARE PROVISIONS

HEARINGS HELD

MARCH 7, 14, 16, 23, 28, 30, APRIL 4, AND MAY 18, 1995



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H.R. 1530

To authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1996, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 2, 1995

MR. SPENCE (for himself and Mr. DELLUMS) (both by request) introduced the following bill; which was referred to the Committee on National Security

A BILL

To authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1996, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Defense Authorization Act for Fiscal Year 1996".

* * * * *

TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

Subtitle A—Active Forces

SEC. 401. END STRENGTHS FOR ACTIVE FORCES.

(a) FISCAL YEAR 1996.—The Armed Forces are authorized strengths for active duty personnel as of September 30, 1996, as follows:

- (1) The Army, 495,000.
- (2) The Navy, 428,000.
- (3) The Marine Corps, 174,000.
- (4) The Air Force, 388,200.

(b) FISCAL YEAR 1997.—The Armed Forces are authorized strengths for active duty personnel as of September 30, 1997, as follows:

- (1) The Army, 495,000.
- (2) The Navy, 409,400.
- (3) The Marine Corps, 174,000.
- (4) The Air Force, 385,400.

Subtitle B—Reserve Forces

SEC. 411. END STRENGTHS FOR SELECTED RESERVE.

(a) FISCAL YEAR 1996.—The Armed Forces are authorized strengths for Selected Reserve personnel of the reserve components as of September 30, 1996, as follows:

- (1) The Army National Guard of the United States, 373,000.
- (2) The Army Reserve, 230,000.
- (3) The Naval Reserve, 98,608.
- (4) The Marine Corps Reserve, 42,000.
- (5) The Air National Guard of the United States, 109,458.
- (6) The Air Force Reserve, 73,969.
- (7) The Coast Guard Reserve, 8,000.

(b) FISCAL YEAR 1997.—The Armed Forces are authorized strengths for Selected Reserve personnel of the reserve components as of September 30, 1997, as follows:

- (1) The Army National Guard of the United States, 367,000.
- (2) The Army Reserve, 215,000.
- (3) The Naval Reserve, 96,402.
- (4) The Marine Corps Reserve, 42,000.
- (5) The Air National Guard of the United States, 107,151.
- (6) The Air Force Reserve, 73,160.
- (7) The Coast Guard Reserve, 8,000.

(c) WAIVER AUTHORITY.—The Secretary of Defense may vary the end strength authorized by subsection (a) or subsection (b) by not more than 2 percent.

(d) ADJUSTMENTS.—The end strengths prescribed by subsection (a) or (b) for the Selected Reserve of any reserve component shall be proportionately reduced by—

(1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at the end of the fiscal year, and

(2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at the end of the fiscal year.

Whenever such units or such individual members are released from active duty during any fiscal year, the end strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strengths of such units and by the total number of such individual members.

SEC. 412. END STRENGTHS FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES.

(a) FISCAL YEAR 1996.—Within the end strengths prescribed in section 411(a), the reserve components of the Armed Forces are authorized, as of September 30, 1996, the following number of Reserves to be serving on full-time active duty or full-time duty, in the case of members of the National Guard, for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

- (1) The Army National Guard of the United States, 23,390.
- (2) The Army Reserve, 11,575.
- (3) The Naval Reserve, 17,490.
- (4) The Marine Corps Reserve, 2,285.
- (5) The Air National Guard of the United States, 9,817.
- (6) The Air Force Reserve, 628.

(b) FISCAL YEAR 1997.—Within the end strengths prescribed in section 411(b), the reserve components of the Armed Forces are authorized, as of September 30, 1997, the following number of Reserves to be serving on full-time active duty or full-time duty, in the case of members of the National Guard, for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

- (1) The Army National Guard of the United States, 23,040.
- (2) The Army Reserve, 11,550.
- (3) The Naval Reserve, 17,074.
- (4) The Marine Corps Reserve, 2,285.
- (5) The Air National Guard of the United States, 9,824.
- (6) The Air Force Reserve, 625.

Subtitle C—Military Training Student Loads

SEC. 421. AUTHORIZATION OF TRAINING STUDENT LOADS.

(a) FISCAL YEAR 1996.—For fiscal year 1996, the components of the Armed Forces are authorized average military training loads as follows:

- (1) The Army, 75,013.
- (2) The Navy, 44,238.
- (3) The Marine Corps, 26,095.
- (4) The Air Force, 33,232.

(b) FISCAL YEAR 1997.—For fiscal year 1997, the components of the Armed Forces are authorized average military training loads as follows:

- (1) The Army, 79,275.
- (2) The Navy, 44,121.
- (3) The Marine Corps, 27,255.
- (4) The Air Force, 35,522.

(c) SCOPE.—The average military training student loads authorized for an armed force under subsections (a) and (b) apply to the active and reserve components of that armed force.

(d) ADJUSTMENTS.—The average military student loads authorized in subsections (a) and (b) shall be adjusted consistent with the end strengths authorized in subtitles A and B. The Secretary of Defense shall prescribe the manner in which such adjustments shall be apportioned.

TITLE V—MILITARY PERSONNEL POLICY

Subtitle A—Officer Personnel Policy

SEC. 501. EQUALIZATION OF ACCRUAL OF SERVICE CREDIT FOR OFFICERS AND ENLISTED MEMBERS OF THE ARMED FORCES.

(a) ENLISTED SERVICE CREDIT.—Section 972 of title 10, United States Code, is amended to read as follows:

“§ 972. Enlisted members: required to make up time lost

“An enlisted member of an armed force who—

“(1) deserts;

“(2) is absent from his organization, station, or duty for more than one day without proper authority, as determined by competent authority;

“(3) is confined by military or civilian authorities for more than one day before, during or after trial; or

“(4) is unable for more than one day, as determined by competent authority, to perform his duties because of intemperate use of drugs or alcoholic liquor, or because of disease or injury resulting from his misconduct;

is required, after his return to full duty, to serve for a period that, when added to the period that he served before his absence from duty, amounts to the term for which he was enlisted or inducted.”

(b) OFFICER SERVICE CREDIT.—Chapter 49 of title 10, United States Code, is amended by inserting after section 972 the following new section:

“§ 972a. Officers: service credit

“(a) In the case of an officer of an armed force who—

“(1) deserts;

“(2) is absent from his organization, station, or duty for more than one day without proper authority, as determined by competent authority;

“(3) is confined by military or civilian authorities for more than one day before, during or after trial; or

“(4) is unable for more than one day, as determined by competent authority, to perform his duties because of intemperate use of drugs or alcoholic liquor, or because of disease or injury resulting from his misconduct;

the period of such desertion, absence, confinement, or inability to perform duties may not be counted in computing, for any purpose other than basic pay under section 205 of title 37, the officer's length of service.”

(c) ARMY COMPUTATION OF YEARS OF SERVICE.—Section 3926 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(e) Time identified in section 972a of this title may not be counted in computing years of service under this section.”

(d) NAVY COMPUTATION OF YEARS OF SERVICE.—Chapter 571 of title 10, United States Code, is amended by inserting after section 6327 the following new section:

“§ 6328. Computation of years of service: voluntary retirement

“(a) ENLISTED MEMBERS.—Time required to be made up under section 972 of this title may not be counted in computing years of service under this chapter.

“(b) OFFICERS.—Time identified in section 972a of this title may not be counted in computing years of service under this chapter.”

(e) AIR FORCE COMPUTATION OF YEARS OF SERVICE.—Section 8926 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(d) Time identified in section 972a of this title may not be counted in computing years of service under this section.”

(f) CLERICAL AMENDMENTS.—

(1) The table of sections at the beginning of chapter 49 of title 10, United States Code, is amended by inserting after the item relating to section 972 the following new item:

“972a. Officers: service credit.”

(2) The table of sections at the beginning of chapter 571 of title 10, United States Code, is amended by inserting after the item relating to section 6327 the following new item:

“6328. Computation of years of service: voluntary retirement.”

(g) EFFECTIVE DATE AND APPLICABILITY.—The amendments made by this section shall take effect on October 1, 1995, and shall apply to time identified in sections 972 or 972a of title 10, United States Code, that occurs after such effective date.

SEC. 502. CHANGES IN GENERAL OFFICER BILLET TITLES RESULTING FROM THE REORGANIZATION OF HEADQUARTERS, MARINE CORPS.

(a) HEADQUARTERS, MARINE CORPS: FUNCTION; COMPOSITION.—Section 5041(b) of title 10, United States Code, is amended to read as follows:

“(b) The Headquarters, Marine Corps, is composed of the following:

“(1) The Commandant of the Marine Corps.

“(2) The Vice Commandant of the Marine Corps.

“(3) Director of the Marine Corps Staff.

“(4) Deputy Commandants of the Marine Corps.

“(5) Assistant Commandants of the Marine Corps.

“(6) Other members of the Navy and Marine Corps assigned or detailed to the Headquarters, Marine Corps.

“(7) Civilian employees in the Department of the Navy assigned or detailed to the Headquarters, Marine Corps.”

(b) VICE COMMANDANT OF THE MARINE CORPS.—Section 5044 is amended—

(1) by amending the heading to read as follows:

“§ 5044. Vice Commandant of the Marine Corps”;

and

(2) by striking out “Assistant Commandant” in each place it appears and inserting in lieu thereof “Vice Commandant” in each instance.

(c) DIRECTOR OF THE MARINE CORPS STAFF; DEPUTY AND ASSISTANT COMMANDANTS OF THE MARINE CORPS.—Section 5045 of title 10, United States Code, and its heading are amended to read as follows:

“§ 5045. Director of the Marine Corps Staff; Deputy and Assistant Commandants of the Marine Corps

“There are in the Headquarters, Marine Corps, a Director of the Marine Corps Staff, not more than five Deputy Commandants of the Marine Corps, and not more than three Assistant Commandants of the Marine Corps, detailed by the Secretary of the Navy from officers of the active-duty list of the Marine Corps.”

(d) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 506 of title 10, United States Code, is amended by striking out the items relating to sections 5044 and 5045 and inserting in lieu thereof the following new items:

“5044. Vice Commandant of the Marine Corps.

“5045. Director of the Marine Corps Staff; Deputy and Assistant Commandants of the Marine Corps.”

SEC. 503. INCREASE IN THE TRANSITION PERIOD FOR OFFICERS SELECTED FOR EARLY RETIREMENT.

(a) SELECTIVE RETIREMENT OF WARRANT OFFICERS.—Section 581 of title 10, United States Code, is amended—

(1) in subsection (b), by striking out "seventh" and inserting in lieu thereof "tenth"; and

(2) by adding at the end the following new subsection:

"(e) The Secretary concerned may defer the retirement of an officer otherwise approved for early retirement under this section for not more than 90 days in order to prevent a personal hardship for the officer or for other humanitarian reasons."

(b) **SELECTIVE EARLY RETIREMENT OF ACTIVE-DUTY OFFICERS.**—Section 638(b) of title 10, United States Code, is amended—

(1) in paragraph (1)(A), by striking out "seventh" and inserting in lieu thereof "tenth"; and

(2) by adding at the end the following new paragraph:

"(3) The Secretary concerned may defer the retirement of an officer otherwise approved for early retirement under this section or section 638a of this title for not more than 90 days, in order to prevent a personal hardship for the officer or for other humanitarian reasons."

(c) **PERSONNEL STRENGTHS: REQUIREMENT FOR ANNUAL AUTHORIZATION.**—Section 115(d) of title 10, United States Code, is amended by adding at the end the following new paragraph:

"(8) Members selected for early retirement under section 581 or section 638 of this title whose retirement has been deferred under section 581(e) or section 638(b)(3) of this title."

SEC. 504. REVISION IN THE AUTHORIZED STRENGTH LIMITATIONS FOR AIR FORCE COMMISSIONED OFFICERS ON ACTIVE DUTY IN THE GRADE OF MAJOR.

(a) **REVISION IN THE AUTHORIZED STRENGTH LIMITATIONS.**—Notwithstanding section 523(a)(1) of title 10, United States Code, and except as provided in section 523(c) of title 10, United States Code, of the total number of commissioned officers serving on active duty in the Air Force at the end of any fiscal year up to and including fiscal year 1997 (excluding officers in categories specified in section 523(b) of title 10, United States Code), the number of officers who may be serving on active duty in each of the grades of major, lieutenant colonel and colonel may not, as of the end of such fiscal year, exceed a number determined in accordance with the following table:

Total number of commissioned officers (excluding officers in categories specified in section 523(b) of title 10, United States Code) on active duty:	Number of officers who may be serving on active duty in grade of:		
	Major	Lieutenant Colonel	Colonel
Air Force:			
70,000	14,612	9,428	3,392
75,000	15,407	9,801	3,573
80,000	16,202	10,175	3,754
85,000	16,997	10,549	3,935
90,000	17,792	10,923	4,115
95,000	18,587	11,297	4,296
100,000	19,382	11,671	4,477
105,000	20,177	12,045	4,658
110,000	20,971	12,418	4,838
115,000	21,766	12,792	5,019
120,000	22,561	13,165	5,200
125,000	23,356	13,539	5,381

(b) **EXPIRATION OF AUTHORITY.**—The revision in the authorized strength limitations under subsection (a) expires at the close of September 30, 1997.

SEC. 505. REVISION IN THE AUTHORIZED STRENGTH LIMITATIONS FOR NAVY COMMISSIONED OFFICERS ON ACTIVE DUTY IN GRADES OF LIEUTENANT COMMANDER, COMMANDER, AND CAPTAIN.

(a) **REVISION IN THE AUTHORIZED STRENGTH LIMITATIONS.**—Notwithstanding section 523(a)(2) of title 10, United States Code, and except as provided in section 523(c) of title 10, United States Code, of the total number of commissioned officers serving on active duty in the Navy at the end of any fiscal year up to and including fiscal year 1997 (excluding officers in categories specified in section 523(b) of title 10, United States Code), the number of officers who may be serving on active duty in each of the grades of lieutenant commander, commander, and captain may not, as of the end of such fiscal year, exceed a number determined in accordance with the following table:

Total number of commissioned officers (excluding officers in categories specified in section 523(b) of title 10, United States Code) on active duty:	Number of officers who may be serving on active duty in grade of:		
	Lieutenant Commander	Commander	Captain
Navy:			
45,000	10,034	6,498	2,801
48,000	10,475	6,706	2,902
51,000	10,916	6,912	3,002
54,000	11,357	7,120	3,103
57,000	11,798	7,328	3,204
60,000	12,239	7,535	3,305
63,000	12,680	7,742	3,406
66,000	13,121	7,949	3,506
70,000	13,709	8,226	3,641
90,000	16,649	9,608	4,313

(b) **EXPIRATION OF AUTHORITY.**—The revision in the authorized strength limitations under subsection (a) expires at the close of September 30, 1997.

SEC. 506. AUTHORIZATION OF GENERAL OR FLAG OFFICER PROMOTION ZONES.

Section 645 of title 10, United States Code, is amended—

(1) by amending paragraph (1) to read as follows:

“(1) The term ‘promotion zone’ means a promotion eligibility category consisting of the officers on an active-duty list in the same grade and competitive category who—

“(A) are senior to the officer designated by the Secretary of the military department concerned to be the junior officer in the promotion zone eligible for consideration for promotion to the next higher grade together with the junior officer so designated; and

“(B) in the case of officers in grades below colonel, for officers of the Army, Air Force, and Marine Corps, or captain, for officers of the Navy, neither—

“(i) have failed of selection for promotion to the next higher grade; nor

“(ii) have been removed from a list of officers recommended for promotion to that grade (other than after having been placed on that list after a selection from below the promotion zone).”; and

(2) in paragraph (2), by inserting “below the grade of colonel for officers of the Army, Air Force, and Marine Corps, or captain for officers of the Navy,” after “a group of officers”.

Subtitle B—Reserve Component Matters

SEC. 511. REPEAL OF REQUIREMENT FOR PHYSICAL EXAMINATION ON CALLING MILITIA INTO FEDERAL SERVICE.

(a) **REPEAL OF REQUIREMENT.**—Section 12408 of title 10, United States Code, is repealed.

(b) **CLERICAL AMENDMENT.**—The table of sections at the beginning of chapter 1209 is amended by striking out the item relating to section 12408.

SEC. 512. AUTHORITY TO PRESCRIBE THE DURATION OF FIELD TRAINING OR PRACTICE CRUISE REQUIRED FOR ADMISSION TO THE RESERVE OFFICERS' TRAINING CORPS ADVANCED COURSE.

Section 2104(b)(6)(A)(ii) of title 10, United States Code, is amended by striking out “not less than six weeks” and inserting in lieu thereof “a”.

SEC. 513. CLARIFYING USE OF MILITARY MORALE, WELFARE, AND RECREATION FACILITIES BY RETIRED RESERVISTS.

Section 1065(a) of title 10, United States Code, is amended by striking out the last sentence and inserting in lieu thereof the following new sentences: “Such use by members of the Selected Reserve, and the dependents of such members, shall be permitted on the same basis as members on active duty. Such use by members who would be eligible for retired pay under chapter 67 of this title but for the fact that the members are under 60 years of age, and the dependents of such members, shall be permitted on the same basis as retirees from active duty military service.”.

SEC. 514. OBJECTIVE TO INCREASE PERCENTAGE OF PRIOR ACTIVE DUTY PERSONNEL IN THE SELECTED RESERVE.

Section 1111(a) of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 3077 note) is amended to read as follows:

“(a) **OBJECTIVE TO INCREASE PERCENTAGE.**—The Secretary of the Army shall have an objective of increasing the percentage of qualified prior active duty personnel in the Selected Reserve.”.

SEC. 515. WEAR OF MILITARY UNIFORM BY NATIONAL GUARD TECHNICIANS.

(a) **TECHNICIANS: EMPLOYMENT, USE, STATUS.**—Section 709(b) of title 32, United States Code, is amended to read as follows:

“(b) Except as prescribed by the Secretary concerned, a technician employed under subsection (a) shall, while so employed, be a member of the National Guard, hold the military grade specified by the Secretary concerned for that position, and wear the military uniform appropriate for the member's grade and component of the armed forces while performing duties as a technician.”.

(b) **UNIFORM ALLOWANCE: OFFICERS; GENERAL PROVISIONS.**—Section 417 of title 37, United States Code, is amended by inserting at the end the following new subsection:

“(d) Service as a National Guard technician by a person who is an officer and is required to wear a military uniform pursuant to section 709(b) of title 32 shall be considered active duty (other than for training) for purposes of sections 415 and 416 of this title. Section 1593 of title 10, United States Code, and section 5901 of title 5, United States Code, shall not apply to a National Guard technician who receives a uniform allowance under this Chapter.”.

(c) **CLOTHING ALLOWANCE: ENLISTED MEMBERS.**—Section 418 of title 37, United States Code, is amended by inserting at the end the following new sentences: “In determining the quantity and kind of clothing and allowances to be furnished under this section to a member who is a National Guard technician, the President shall take into account the requirement that such person wear a military uniform pursuant to section 709(b) of title 32. Section 1593 of title 10, United States Code, and section 5901 of title 5, United States Code, shall not apply to a National Guard technician furnished clothing or allowances under this section.”.

SEC. 516. ACTIVE DUTY RETIREMENT SANCTUARY FOR RESERVISTS.

Section 1163(d) of title 10, United States Code, is amended—

(1) by designating the existing matter as paragraph (1); and

(2) by adding at the end the following new paragraph:

“(2) The regulations prescribed under paragraph (1) may except from the prohibition on involuntary release in that paragraph members who serve on active duty (other than for training) under section 672(d) of this title under orders specifying a period of less than 180 days provided that the member is informed of and consents to such exception prior to entry on active duty.”.

Subtitle C—Amendments to the Uniform Code of Military Justice

SEC. 551. DEFINITIONS.

Section 801 (article 1) of title 10, United States Code, is amended by inserting after paragraph (14) the following new paragraphs:

“(15) The term ‘classified information’ means any information or material that has been determined by the United States Government pursuant to an Executive order, statute, or regulation, to require protection against unauthorized disclosure for reasons of national security, and any restricted data, as defined in section 2014(y) of title 42, United States Code.

“(16) The term ‘national security’ means the national defense and foreign relations of the United States.

“(17) The term ‘armed conflict’ means operations in which members of the United States armed forces are involved as combatants in military actions, operations, or hostilities against an enemy of the United States or against an organized opposing foreign armed force regardless of whether or not a war or national emergency has been declared by the President of the United States or the Congress of the United States.”.

SEC. 552. JURISDICTION OVER CIVILIANS ACCOMPANYING THE FORCES IN THE FIELD IN TIME OF ARMED CONFLICT.

Section 802(a)(10) (article 2(a)(10)) of title 10, United States Code, is amended to read as follows:

"(10) In time of armed conflict, persons serving with or accompanying an armed force in the field."

SEC. 553. INVESTIGATIONS.

Section 832 (article 32) of title 10, United States Code, is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following new subsection:

"(d) If during an investigation under this article, the evidence indicates that the accused may have committed an uncharged offense or offenses, the investigating officer is authorized to investigate the subject matter of such offense or offenses before the accused has been charged with such offense or offenses. If the accused was present at such investigation, was informed of the nature of the uncharged offense or offenses, and was afforded the opportunities for representation, cross-examination, and presentation prescribed in subsection (b), no further investigation of such offense or offenses is necessary under this article."

SEC. 554. REFUSAL TO TESTIFY BEFORE COURT-MARTIAL.

Section 847(b) (article 47(b)) of title 10, United States Code, is amended to read as follows:

"(b) Any person who commits an offense named in subsection (a) shall be tried on indictment or information in a United States district court or in a court of original criminal jurisdiction in any of the Territories, Commonwealths, or possessions of the United States, and jurisdiction is conferred upon those courts for that purpose. Upon conviction, such person shall be punished by fine or imprisonment, or both, at the court's discretion."

SEC. 555. RECORDS OF TRIAL.

Section 854(c)(1)(A) (article 54(c)(1)(A)) of title 10, United States Code, is amended to read as follows:

"(A) in each general court-martial case in which the sentence adjudged includes death, dismissal of a commissioned officer, cadet, or midshipman, dishonorable or bad-conduct discharge, or confinement for one year or more; and"

SEC. 556. EFFECTIVE DATE OF PUNISHMENTS.

Section 857(a) (article 57(a)) of title 10, United States Code, is amended to read as follows:

"(a) Unless otherwise directed by the convening authority, forfeitures of pay, allowances, or both, and reduction in grade shall be effective on the date adjudged and, in the case of forfeiture, may be collected from pay accruing on and after that date. Periods during which a sentence to forfeiture of pay, allowances, or both, is suspended or deferred, shall be excluded in computing the duration of forfeiture."

SEC. 557. DEFERMENT OF CONFINEMENT.

(a) IN GENERAL.—Subchapter VIII of chapter 47 of title 10, United States Code, is amended by inserting after section 857 (article 57) the following new section (article):

"§ 857a. Art. 57a. Deferment of confinement

"(a) On application by an accused who is under sentence to confinement that has not been ordered executed, the convening authority or, if the accused is no longer under his jurisdiction, the officer exercising general court-martial jurisdiction over the command to which the accused is currently assigned, may in his sole discretion defer service of the sentence to confinement. The deferment shall terminate when the sentence is ordered executed. The deferment may be rescinded at any time by the officer who granted it or, if the accused is no longer under his jurisdiction, by the officer exercising general court-martial jurisdiction over the command to which the accused is assigned.

"(b) The Secretary concerned, and, when designated by him, any Under Secretary, Assistant Secretary, Judge Advocate General, or any commanding officer may, during the pendency of a review of the accused's court-martial conducted pursuant to section 867(a)(2) of this title (article 67(a)(2)), defer further service of a sentence to confinement which has been ordered executed.

"(c) When an accused in the custody of a state or foreign country is returned temporarily to military authorities for trial and later returned to the sending state or country under the authority of a mutual agreement or treaty, the convening au-

thority may defer service of the sentence to confinement without the consent of the accused. The deferment will terminate when the accused is released permanently to military authorities by the state or country in whose custody the accused is being held.

"(d) The President shall prescribe such regulations as are necessary to provide for granting, with or without conditions, and rescinding deferments provided for under this section."

(b) **CLERICAL AMENDMENT.**—The table of sections at the beginning of subchapter VIII of chapter 47 of title 10, United States Code, is amended by inserting after the item relating to section 857 (article 57) the following new item:

"857a. 57a. Deferment of confinement."

(c) **CONFORMING AMENDMENT.**—Section 857 (article 57) of title 10, United States Code, is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

SEC. 558. SUBMISSION OF MATTERS TO THE CONVENING AUTHORITY FOR CONSIDERATION.

Section 860(b)(1) (article 60(b)(1)) of title 10, United States Code, is amended to read as follows:

"(b)(1) The accused may submit to the convening authority written matters for consideration by the convening authority with respect to the findings and sentence. Except in a summary court-martial case, such a submission shall be made within 10 days after the accused has been given an authenticated record of trial and, if applicable, the recommendation of the staff judge advocate or legal officer under subsection (d). In a summary court-martial case, such submission shall be made within seven days after the sentence is announced."

SEC. 559. PROCEEDINGS IN REVISION.

Section 860(e) (article 60(e)) of title 10, United States Code, is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) Notwithstanding any other provision in this section, a proceeding in revision may be ordered, prior to authentication of the record of trial by the military judge, to correct an erroneously announced sentence."

SEC. 560. POST-TRIAL REVIEW OF COURTS-MARTIAL.

(a) **WAIVER OF WITHDRAWAL OF APPEAL.**—Section 861(c) (article 61(c)) of title 10, United States Code, is amended to read as follows:

"(c) A waiver of the right to appellate review or the withdrawal of an appeal bars review under section 866 or 869(a) of this title (article 66 or 69(a)) or an application for relief under section 869(b) of this title (article 69(b))."

(b) **REVIEW IN THE OFFICE OF THE JUDGE ADVOCATE GENERAL.**—Section 869(b) (article 69(b)) of title 10, United States Code, is amended to read as follows:

"(b) Unless the accused has waived or withdrawn the right to appellate review under section 861 of this title (article 61), the findings or sentence, or both, in a court-martial case not reviewed under subsection (a) or under section 866 of this title (article 66) may be modified or set aside, in whole or in part, by the Judge Advocate General on the ground of newly discovered evidence, fraud on the court, lack of jurisdiction over the accused or the offense, error prejudicial to the substantial rights of the accused, or the appropriateness of the sentence. The application must be filed in the office of the Judge Advocate General by the accused on or before the last day of the two-year period beginning on the date the sentence is approved under section 860(c) of this title (article 60(c)), unless the accused establishes good cause for failure to file within that time."

SEC. 561. APPEAL BY THE UNITED STATES.

Section 862(a)(1) (article 62(a)(1)) of title 10, United States Code, is amended to read as follows:

"(a)(1) In a trial by court-martial in which a military judge presides and in which a punitive discharge may be adjudged, the United States may appeal an order or ruling of the military judge which terminates the proceedings with respect to a charge or specification or which excludes evidence that is substantial proof of a fact material in the proceeding, or, an order or ruling which directs the disclosure of classified information, imposes sanctions for nondisclosure of classified information, or which refuses to issue a protective order sought by the United States to prevent the disclosure of classified information, or refuses to enforce such an order previously issued by appropriate authority. The United States may not appeal an order or ruling that is or that amounts to, a finding of not guilty with respect to the charge or specification."

SEC. 561. FLIGHT FROM APPREHENSION.

(a) **IN GENERAL.**—Section 895 (article 95) of title 10, United States Code, is amended to read as follows:

“§ 895. Art. 95. Resistance, flight, breach of arrest, and escape

“Any person subject to this chapter who resists or flees from apprehension or breaks arrest or who escapes from custody or confinement shall be punished as a court-martial may direct.”.

(b) **CLERICAL AMENDMENT.**—The item relating to section 895 (article 95) in the table of sections at the beginning of subchapter X of chapter 47 of title 10, United States Code, is amended to read as follows:

“895. 95. Resistance, flight, breach of arrest, and escape.”.

SEC. 563. CARNAL KNOWLEDGE.

(a) **GENDER NEUTRAL.**—Section 920(b) (article 120(b)) of title 10, United States Code, is amended to read:

“(b) Any person subject to this chapter who, under circumstances not amounting to rape, commits an act of sexual intercourse with a person—

“(1) who is not his or her spouse; and

“(2) who has not attained the age of sixteen years; is guilty of carnal knowledge and shall be punished as a court-martial may direct.”.

(b) **MISTAKE OF FACT.**—Section 920 (article 120) of title 10, United States Code, is amended by adding at the end the following subsection:

“(d) In a prosecution under subsection (b) of this section, it is a defense, that the accused must establish by a preponderance of the evidence, that, at the time of the alleged offense—

“(1) the person with whom the accused committed the act of sexual intercourse had attained the age of 12 years; and

“(2) the accused reasonably believed that the person with whom the accused committed the act of sexual intercourse had attained the age of 16 years.”.

SEC. 564. INSTRUCTION IN THE UNIFORM CODE OF MILITARY JUSTICE.

Section 937(a)(1) (article 137(a)(1)) of title 10, United States Code, is amended to read as follows:

“(a)(1) The sections of this title (articles of the Uniform Code of Military Justice) specified in paragraph (3) shall be carefully explained to each enlisted member at the time of (or within fourteen days after)—

“(A) the member's initial entrance on active duty; or

“(B) the member's initial entrance into a duty status with a reserve component.”.

Subtitle D—Other Matters

SEC. 571. CHIEF WARRANT OFFICER PROMOTIONS.

(a) **REDUCTION OF MINIMUM TIME IN GRADE REQUIRED FOR CHIEF WARRANT OFFICER TO BE CONSIDERED FOR PROMOTION.**—Section 574(e) of title 10, United States Code, is amended by striking out “three” and inserting in lieu thereof “two”;

(b) **AUTHORIZATION OF BELOW-ZONE SELECTION FOR PROMOTION TO GRADE OF CHIEF WARRANT OFFICER.**—Section 575(b) of title 10 is amended by inserting “chief warrant officer, W-3,” after “to consider warrant officers for selection for promotion to the grade of”.

SEC. 572. RETIREMENT OF DIRECTOR OF ADMISSIONS, UNITED STATES MILITARY ACADEMY, FOR YEARS OF SERVICE.

(a) **IN GENERAL.**—Section 3920 of title 10, United States Code, is amended—

(1) by amending the heading to read as follows:

“§ 3920. More than thirty years: permanent professors and the Director of Admissions of United States Military Academy”;

and

(2) by inserting “or the Director of Admissions” after “permanent professor”.

(b) **CLERICAL AMENDMENT.**—The table of sections at the beginning of chapter 367 of title 10, United States Code, is amended by amending the item relating to section 3920 to read as follows:

“3920. More than thirty years: permanent professors and the Director of Admissions of United States Military Academy.”

TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS

Subtitle A—Pay and Allowances

SEC. 601. MILITARY PAY RAISE FOR FISCAL YEAR 1996.

(a) **WAIVER OF SECTION 1009 ADJUSTMENT.**—Any adjustment required by section 1009 of title 37, United States Code, in elements of compensation of members of the uniformed services to become effective during fiscal year 1996 shall not be made.

(b) **INCREASE IN BASIC PAY AND BAS.**—Effective on January 1, 1996, the rates of basic pay and basic allowance for subsistence of members of the uniformed services are increased by 2.4 percent.

(c) **INCREASE IN BAQ.**—Effective on January 1, 1996, the rates of basic allowance for quarters of members of the uniformed services are increased by 3.4 percent.

SEC. 602. EVACUATION ALLOWANCES THAT PERMITS EQUAL TREATMENT OF MILITARY DEPENDENTS TO CIVILIANS AND THEIR DEPENDENTS.

(a) **EQUAL TREATMENT OF MILITARY DEPENDENTS TO CIVILIANS AND THEIR DEPENDENTS.**—Section 405a(a) of title 37, United States Code, is amended by striking out “ordered” each place it appears and inserting in lieu thereof “officially authorized or ordered”.

(b) **EFFECTIVE DATE AND APPLICABILITY.**—The amendment made subsection (a) shall take effect on October 1, 1995, and shall apply to persons ordered or authorized to evacuate in accordance with section 405a, as revised by this Act, on or after such date.

SEC. 603. CONTINUOUS ENTITLEMENT TO CAREER SEA PAY FOR CREWMEMBERS OF SHIPS DESIGNATED AS TENDERS.

Section 305a(d)(1)(A) of title 37, United States Code, is amended by inserting “, or while serving as a member of a tender-class ship (with the hull classification of submarine or destroyer)” after “the off-crew of a two-crewed submarine”.

SEC. 604. INCREASE IN THE SUBSISTENCE ALLOWANCE PAYABLE TO MEMBERS OF SENIOR RESERVE OFFICER'S TRAINING CORPS.

(a) **INCREASE.**—Section 209(a) of title 37, United States Code, is amended by striking out “\$150 a month” in the first sentence and inserting in lieu thereof “\$200 a month”.

(b) **APPLICATION OF INCREASE.**—

(1) Except as provided in paragraph (2), the amendments made by subsection (a) shall apply with respect to months beginning after August 31, 1996.

(2) Upon the approval of the Secretary of Defense, the Secretary of a military department may implement such amendments at an earlier date with respect to members of the Senior Reserve Officer's Training Corps under the jurisdiction of the Secretary if funds are available for the monthly subsistence allowances authorized by such amendments.

SEC. 605. DISLOCATION ALLOWANCE (DLA) FOR BASE REALIGNMENT AND CLOSURE (BRAC) MOVES.

Section 407(a)(1) of title 37, United States Code, is amended by inserting “directed order to move as a result of a base realignment or closure or” before “change of permanent station,”.

SEC. 606. FAMILY SEPARATION ALLOWANCE (FSA-II).

Section 427(b)(3) of title 37, United States Code, is amended by inserting “subparagraph (A) of” after “not entitled to an allowance under”.

SEC. 607. AUTHORIZATION OF PAYMENT OF BASIC ALLOWANCE FOR QUARTERS TO CERTAIN MEMBERS OF THE UNIFORMED SERVICES ASSIGNED TO SEA DUTY.

(a) **IN GENERAL.**—Section 403(c)(2) of title 37, United States Code, is amended—

(1) in the first sentence, by striking out “E-7” and inserting in lieu thereof “E-6”; and

(2) in the second sentence, by striking out “E-6” and inserting in lieu thereof “E-5”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall take effect as of July 1, 1996.

Subtitle B—Bonuses and Special and Incentive Pays

SEC. 511. AVIATION CAREER INCENTIVE PAY (ACIP) GATES.

Section 301a(a)(4) of title 37, United States Code, is amended by striking out “9” in the first sentence and inserting in lieu thereof “8”.

SEC. 512. EXPIRING AUTHORITIES.

(a) **SELECTED RESERVE REENLISTMENT BONUS.**—Section 308b(f) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(b) **SELECTED RESERVE ENLISTMENT BONUS.**—Section 308c(e) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(c) **SELECTED RESERVE AFFILIATION BONUS.**—Section 308e(e) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(d) **READY RESERVE ENLISTMENT AND REENLISTMENT BONUS.**—Section 308h(g) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(e) **PRIOR SERVICE ENLISTMENT BONUS.**—Section 308i(i) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(f) **NURSE OFFICER CANDIDATE ACCESSION PROGRAM.**—Section 2130a(a)(1) of title 10, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(g) **ACCESSION BONUS FOR REGISTERED NURSES.**—Section 302d(a)(1) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(h) **INCENTIVE SPECIAL PAY FOR NURSE ANESTHETISTS.**—Section 302e(a)(1) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(i) **REENLISTMENT BONUS FOR ACTIVE MEMBERS.**—Section 308(g) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(j) **ENLISTMENT BONUS FOR CRITICAL SKILLS.**—Section 308a(c) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(k) **BONUS FOR ENLISTMENT IN THE ARMY.**—Section 308f(c) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(l) **SPECIAL PAY FOR ENLISTED MEMBERS OF THE SELECTED RESERVE ASSIGNED TO CERTAIN HIGH PRIORITY UNITS.**—Section 308d(c) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(m) **REPAYMENT OF EDUCATION LOANS FOR CERTAIN HEALTH PROFESSIONALS WHO SERVE IN THE SELECTED RESERVE.**—Section 2172(d) of title 10, United States Code, is amended by striking out “October 1, 1996”, and inserting in lieu thereof “October 1, 1998”.

(n) **SPECIAL PAY FOR CRITICALLY SHORT WARTIME HEALTH SPECIALISTS IN THE SELECTED RESERVES.**—Section 613(d) of the National Defense Authorization Act, Fiscal Year 1989 (37 U.S.C. 302 note) is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(o) **SPECIAL PAY FOR NUCLEAR QUALIFIED OFFICERS EXTENDING PERIOD OF ACTIVE SERVICE.**—Section 312(e) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 2000”.

(p) **NUCLEAR CAREER ACCESSION BONUS.**—Section 312b(c) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 2000”.

(q) **NUCLEAR CAREER ANNUAL INCENTIVE BONUS.**—Section 312c(d) of title 37, United States Code, is amended by striking out “October 1, 1996” and inserting in lieu thereof “October 1, 2000”.

(r) **GRADE DETERMINATION AUTHORITY FOR CERTAIN RESERVE MEDICAL OFFICERS.**—Sections 3359(b) and 8359(b) of title 10, United States Code, are each amended by striking out “September 30, 1995” and inserting in lieu thereof “September 30, 1996”.

(a) **PROMOTION AUTHORITY FOR CERTAIN RESERVE OFFICERS SERVING ON ACTIVE DUTY.**—Sections 3380(d) and 8380(d) of title 10, United States Code, are each amended by striking out “September 30, 1995” and inserting in lieu thereof “September 30, 1996”.

(t) **YEARS OF SERVICE FOR MANDATORY TRANSFER TO THE RETIRED RESERVE.**—Section 1016(d) of the Department of Defense Authorization Act, 1984 (10 U.S.C. 3360) is amended by striking out “September 30, 1995” and inserting in lieu thereof “September 30, 1996”.

(u) **MAKE PERMANENT THE AVIATION OFFICER RETENTION BONUS.**—Section 301b(a) of title 37, United States Code, is amended by striking out “, during the period beginning on January 1, 1989, and ending on September 30, 1996,”.

(v) **MAKE PERMANENT THE AUTHORITY FOR TEMPORARY PROMOTIONS OF CERTAIN NAVY LIEUTENANTS.**—Section 5721 of title 10, United States Code, is amended by striking out subsection (f).

(w) **MAKE PERMANENT THE AUTHORITY FOR SPECIALIZED TREATMENT FACILITY PROGRAM.**—Section 1105 of title 10, United States Code, is amended by striking out subsection (h).

Subtitle C—Travel and Transportation Allowances

SEC. 621. AUTHORITY TO EXPEND APPROPRIATED FUNDS TO PAY CERTAIN ACTUAL EXPENSES OF RESERVISTS.

Section 404(j) of title 37, United States Code, is amended—

(1) in paragraph (1), by striking out the period at the end of the paragraph and inserting in lieu thereof “or, if transient government quarters are unavailable, may provide contract quarters as lodging in kind as if the member were entitled to such allowances under subsection (a) of this section.”; and

(2) in paragraph (3), by inserting “or expenses for contract quarters” after “service charge expenses”.

SEC. 622. FLEXIBILITY WHEN AUTHORIZING SHIPMENT OF A MOTOR VEHICLE INCIDENT TO PERMANENT CHANGE OF STATION ORDERS.

(a) **IN GENERAL.**—Section 2634(a)(4) of title 10, United States Code, is amended—

(1) by striking out “surface”;

(2) by inserting after “by other transportation if” “under regulations developed by the Secretary of Defense.”; and

(3) by striking out “does” and inserting in lieu thereof “is determined”.

(b) **EFFECTIVE DATE AND APPLICABILITY.**—Section 2634(a)(4) of title 10, United States Code, as amended by this section, shall take effect on October 1, 1995, and shall apply to vehicles placed for shipment on or after such date.

SEC. 623. AUTHORIZATION OF RETURN TO UNITED STATES OF FORMERLY DEPENDENT CHILDREN WHO ATTAIN AGE OVERSEAS.

(a) **IN GENERAL.**—Section 406(h)(1) of title 37, United States Code, is amended by striking out the last sentence and inserting in lieu thereof the following new sentence: “For the purposes of this section, a member’s unmarried child for whom the member received transportation in kind to his station outside the United States or in Hawaii or Alaska, reimbursement therefor, or a monetary allowance in place thereof and who ceased to be a dependent, by reason of age, or graduation from or cessation of enrollment in an institution of higher education, while the member was serving at that station shall be considered as a dependent of the member.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect on October 1, 1996.

Subtitle D—Retired Pay, Insurance, and Survivor Benefits

SEC. 631. RETIRED PAY FOR NON-REGULAR SERVICE.

Section 1331 of chapter 67 of title 10, United States Code, is amended—

(1) by redesignating subsections (d) and (e) as subsections (e) and (f) respectively; and

(2) by inserting after subsection (c) the following new subsection:

“(d) No person who is convicted of an offense under the Uniform Code of Military Justice (chapter 47 of title 10), and whose executed sentence includes death,

dishonorable discharge, bad conduct discharge, or dismissal from the service, is eligible for retired pay under this chapter.”.

SEC. 632. FISCAL YEAR 1996 COST-OF-LIVING ADJUSTMENT FOR MILITARY RETIREES.

(a) **IN GENERAL.**—Notwithstanding the provisions of section 1401a(b)(2)(B)(ii) of title 10, United States Code, or of section 8114A(b) of Department of Defense Appropriations Act, 1995 (Public Law 103–335; 108 Stat. 2648), or of any other provision of law, the fiscal year 1996 increase in military retired pay first shall be payable as part of such retired pay for the month of March 1996.

(b) **DEFINITIONS.**—For the purpose of this section, the following definitions apply:

(1) The term “fiscal year 1996 increase in military retired pay” means the increase in retired pay that, pursuant to paragraph (1) of section 1401a(b) of title 10, United States Code, becomes effective on December 1, 1995.

(2) The term “retired pay” includes retainer pay.

SEC. 633. IMPROVED DEATH AND DISABILITY BENEFITS FOR RESERVISTS.

(a) **MEDICAL AND DENTAL CARE: MEMBERS ON DUTY OTHER THAN ACTIVE DUTY FOR A PERIOD OF MORE THAN 30 DAYS.**—Section 1074a(a) of title 10, United States Code, is amended by inserting after paragraph (2) the following new paragraph:

“(3) Each member of a uniformed service who incurs or aggravates an injury, illness, or disease in the line of duty while remaining overnight at or in the vicinity of a site outside reasonable commuting distance from the member’s residence at which site the member has performed inactive duty training between successive periods of such training.”.

(b) **RECOVERY, CARE, AND DISPOSITION OF REMAINS: DECEDENTS COVERED.**—Section 1481(a)(2) of title 10, United States Code, is amended—

(1) in subparagraph (C), by striking out “or” at the end of the subparagraph;

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following new subparagraph:

“(D) remaining overnight at or in the vicinity of a site outside reasonable commuting distance from the member’s residence at which site the member has performed inactive duty training between successive periods of such training; or”.

(c) **ENTITLEMENT TO BASIC PAY.**—Section 204 of title 37, United States Code is amended—

(1) in subsection (g)(1)—

(A) in subparagraph (B), by striking out “or” at the end of the subparagraph;

(B) in subparagraph (C), by striking out the period at the end of the subparagraph and inserting in lieu thereof “; or”; and

(C) by inserting after subparagraph (C) the following new subparagraph:

“(D) in line of duty while remaining overnight at or in the vicinity of a site outside reasonable commuting distance from the member’s residence at which site the member has performed inactive duty training between successive periods of such training.”; and

(2) in subsection (h)(1)—

(A) in subparagraph (B), by striking out “or” at the end of the subparagraph;

(B) in subparagraph (C), by striking out the period at the end of the subparagraph and inserting in lieu thereof “; or”; and

(C) by inserting after subparagraph (C) the following new subparagraph:

“(D) in line of duty while remaining overnight at or in the vicinity of a site outside reasonable commuting distance from the member’s residence at which site the member has performed inactive duty training between successive periods of such training.”.

(d) **RESERVES: MEMBERS OF NATIONAL GUARD: INACTIVE-DUTY TRAINING.**—Section 206(a)(3) of title 37, United States Code, is amended—

(1) in subparagraph (A), by striking out “or” at the end of clause (ii);

(2) in subparagraph (B), by striking out the period at the end of the subparagraph and inserting in lieu thereof “; or”; and

(3) by inserting after subparagraph (B) the following new subparagraph:

“(C) in line of duty while remaining overnight at or in the vicinity of a site outside reasonable commuting distance from the member’s residence at which site the member has performed inactive duty training between successive periods of such training.”.

Subtitle E—Separation Pay

SEC. 641. TRANSITIONAL COMPENSATION FOR DEPENDENTS OF MEMBERS OF THE ARMED FORCES SEPARATED FOR DEPENDENT ABUSE.

Section 1059(d) of title 10, United States Code, is amended by striking out "of a separation from active duty as" in the first sentence.

Subtitle F—Other Matters

SEC. 651. MILITARY CLOTHING SALES STORES, REPLACEMENT SALES.

(a) IN GENERAL.—Chapter 651 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 7606. Subsistence and other supplies: members of armed forces; veterans; executive or military departments and employees; prices

"(a) The branch, office or officer designated by the Secretary of the Navy shall procure or sell, for cash or credit—

"(1) articles specified by the Secretary of the Navy or a person designated by him, to members of the Navy and Marine Corps; and

"(2) items of individual clothing and equipment to members of the Navy and Marine Corps, under such restrictions as the Secretary may prescribe.

An account of sales on credit shall be kept and the amount due reported to any branch office, or officer designated by the Secretary. Except for articles and items acquired through the use of working capital funds under section 2208 of this title, sales of articles shall be at cost, and sales of individual clothing and equipment shall be at average current prices, including overhead, as determined by the Secretary.

"(b) The branch, office, or officer designated by the Secretary shall sell subsistence supplies to members of other armed forces at the prices at which like property is sold to members of the Navy and Marine Corps.

"(c) The branch, office or officer designated by the Secretary may sell serviceable supplies, other than subsistence supplies, to members of other armed forces at the prices at which like property is sold to members of the Navy and Marine Corps.

"(d) A person who has been discharged honorably or under honorable conditions from the Army, Navy, Air Force or Marine Corps and who is receiving care and medical treatment from the Public Health Service or the Department of Veterans Affairs may buy subsistence supplies and other supplies, except articles of uniform, at the prices at which like property is sold to members of the Navy and Marine Corps.

"(e) Under such conditions as the Secretary may prescribe, exterior articles of uniform may be sold to a person who has been discharged from the Navy or Marine Corps honorably or under honorable conditions at the prices at which like articles are sold to members of the Navy or Marine Corps. This subsection does not modify sections 772 or 773 of this title.

"(f) Under regulations prescribed by the Secretary, payment for subsistence supplies shall be made in cash or by commercial credit.

"(g) The Secretary may provide for the procurement and sale of stores designated by him to such civilian officers and employees of the United States, and such other persons as he considers proper—

"(1) at military installations outside the United States (provided such sales conform with host nation support agreements); and

"(2) at military installations inside the United States where the Secretary determines that it is impracticable for those civilian officers, employees, and persons to obtain such stores from commercial enterprises without impairing the efficient operation of military activities.

However, sales to such civilian officers and employees of the United States inside the United States may be only to those who reside within military installations.

"(h) Appropriations for subsistence of the Navy or Marine Corps may be applied to the purchase of subsistence supplies for sale to members of the Navy and Marine Corps on active duty for the use of themselves and their families."

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 651 of title 10, United States Code, is amended by adding at the end the following new item:

"7606. Subsistence and other supplies: members of armed forces; veterans; executive or military departments and employees; prices."

TITLE VII—HEALTH CARE PROVISIONS

Subtitle A—Health Care Management

SEC. 701. CODIFICATION AND STRENGTHENING OF CHAMPUS PHYSICIAN PAYMENT REFORM PROGRAM.

Section 1079(h) of title 10, United States Code, is amended to read as follows: “(h)(1) Subject to paragraph (2), payment for a charge for services by an individual health care professional (or other non institutional health-care provider) for which a claim is submitted under a plan contracted for under subsection (a) shall be limited to the lesser of—

“(A) the amount equivalent to the 80th percentile of billed charges, as determined by the Secretary of Defense, in consultation with the other administering Secretaries, for similar services in the same locality during a twelve month base period, which base period may be adjusted as frequently as the Secretary considers appropriate; or

“(B) the amount determined to the extent practicable in accordance with the same reimbursement rules as apply to payments for medical and other health services under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.).

“(2) The amount to be paid to an individual health-care professional (or other non-institutional health-care provider) shall be determined under regulations to be prescribed by the Secretary of Defense in consultation with the other administering Secretaries pursuant to paragraph (1). Such regulations—

“(A) may provide for such exceptions as the Secretary determines necessary to assure that covered beneficiaries have adequate access to health care services, including payment of amounts greater than the allowable amounts when enrollees in managed care programs obtain covered emergency services from non-participating providers;

“(B) shall establish limitations (similar to those established under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.)) on beneficiary liability for charges of an individual health-care professional (or other non-institutional health care provider); and

“(C) shall assure that in transitioning from the payment methods previously in effect to any methodology authorized by this subsection, in no case may the amount allowable for any service be reduced by more than fifteen percent from the amount allowed for the same service in the immediately preceding twelve-month period (or other duration as established by the Secretary of Defense).”.

SEC. 702. REPEAL OF CERTAIN LIMITATIONS ON REDUCTIONS OF MEDICAL PERSONNEL.

(a) **LIMITATION ON REDUCTIONS IN MEDICAL PERSONNEL.**—Section 711 of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 115 note) is repealed.

(b) **MINIMUM NUMBER OF NAVY HEALTH PROFESSIONS OFFICERS.**—Section 718 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (10 U.S.C. 115 note) is amended by striking out subsection (b).

(c) **LIMITATION ON REDUCTION IN NUMBER OF RESERVE COMPONENT MEDICAL PERSONNEL.**—Section 518 of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 261 note) is repealed.

Subtitle B—Other Matters

SEC. 711. CLOSURE OF THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES.

(a) **REPEAL OF AUTHORITY.**—Chapter 104 of title 10, United States Code, is hereby repealed.

(b) **PHASE-OUT PROCESS.**—

(1) Notwithstanding any other provision of law, the Secretary of Defense shall phase out the Uniformed Services University of the Health Sciences, beginning in fiscal year 1996, and ending with the closure of such University not later than September 30, 1999. No provision of section 2687 of title 10, United States Code, or of any other law establishing preconditions to the closure of any activity of the Department of Defense shall operate to establish any precondition to the phaseout and closure of the Uniformed Services University of the Health Sciences pursuant to this Act.

(2) Under the phase-out process required by paragraph (1), the Secretary of Defense is authorized to exercise all of the authorities pertaining to the operation of the Uniformed Services University of the Health Sciences that were granted to the Secretary of Defense, the Board of Regents, or the Dean of the Uniformed Services University of the Health Sciences by chapter 104 of title 10, United States Code, prior to enactment of the repeal of that chapter by subsection (a). Such authorities may be exercised by the Secretary of Defense so as to achieve an orderly phase-out of operations of the Uniformed Services University of the Health Sciences.

(3) No new class of students may be admitted to begin studies in the Uniformed Services University of the Health Sciences after September 30, 1995. No students may be awarded degrees by such University after September 30, 1999, except that the Secretary of Defense may grant exceptions on a case-by-case basis for any students who by that date have completed substantially all degree requirements.

(c) AUTHORITIES UNAFFECTED.—

(1) Commissioned service obligations incurred by students of the Uniformed Services University of the Health Sciences shall be unaffected by enactment of the repeal of chapter 104 of title 10, United States Code, by subsection (a).

(2) Nothing in this Act shall be construed as limiting the exercise by the Secretary of Defense of other authorities under law pertaining to health sciences education, training and professional development, graduate medical education, medical and scientific research, and similar activities. To the extent any such activities had been assigned by the Secretary of Defense to the Uniformed Services University of the Health Sciences, the Secretary of Defense's authority to assign such activities to any other component or entity of the Department of Defense shall be unaffected by the phase-out and closure of the Uniformed Services University of the Health Sciences pursuant to this Act.

(d) CONFORMING AMENDMENTS.—Section 178 of title 10, United States Code, pertaining to the Henry M. Jackson Foundation for the Advancement of Military Medicine, is amended—

(1) in subsection (b), by striking out "Uniformed Services University of the Health Sciences" and inserting in lieu thereof "Department of Defense";

(2) in subsection (c)(1)(B), by striking out "the Dean of the Uniformed Services University of the Health Sciences" and inserting in lieu thereof "a person designated by the Secretary of Defense"; and

(3) in subsection (g)(1), by striking out "Uniformed Services University of the Health Sciences" and inserting in lieu thereof "Secretary of Defense".

(e) CLERICAL AMENDMENT.—The table of chapters at the beginning of subtitle A and at the beginning of part III of such subtitle of title 10, United States Code, is amended by striking out the items relating to chapter 104.

SEC. 712. REPEAL OF THE STATUTORY RESTRICTION ON USE OF FUNDS FOR ABORTIONS.

(a) IN GENERAL.—Section 1093 of title 10, United States Code, is repealed.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 55, United States Code, is amended by striking out the item relating to section 1093.

(c) EFFECTIVE DATE.—The amendment made by this section shall be effective October 1, 1995.

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1996 NATIONAL DEFENSE AUTHORIZATION REQUEST

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Tuesday, March 14, 1995.

The subcommittee met, pursuant to call, at 2 p.m., in room 2118, Rayburn House Office Building, Hon. Robert K. Dornan (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. The Personnel Subcommittee of the National Security Committee of the House of Representatives comes to order.

I want to thank all of the witnesses for coming and my vice chairman, Mr. Pickett, for being so prompt. We have promises from about 10 Members, that although voting does not start until after 5 o'clock today, this being a travel day for Members coming home from their districts, we do have 10 promises that they will join us during the next 2 hours.

Today, the subcommittee will hear testimony on the impact of high personnel TEMPO or PERSTEMPO on service members and on their families. This is an issue of vital importance to the readiness and to the sustainability of a combat ready quality force.

Last Tuesday, March 7, the military personnel and the readiness subcommittees met in a joint hearing. We heard superb, but disturbing testimony from four field commanders and the top non-commissioned officers from each of our services.

Each service had a story to tell about funding shortages and high operations TEMPO that rob units of current capability and deny them hope of recovery in the future. Their comments specific to PERSTEMPO are issued today and include: General Jones, commander of the Second Marine Division, he said, "Deployment is up 10.5 percent in 1994." In August, General Jones said, "Sixty percent of one division, 10,057, was deployed of the Second Marine Division."

Master chief petty officer of the Navy, Chief John Hagan said, "Fifty percent of the Navy is underway today." He also said, "If everything works the way it should, the typical petty officer will spend 60 percent of his or her first 5 years of service at sea."

For the Air Force we had Brigadier General Dallager, commander of the 52d Fighter Wing in Europe, he said, "Thirteen of 21 Air Force aircraft wings are exceeding the goal of a maximum of 120 days deployed in a year." His A-10s were deployed over 190 days in 1994.

Sergeant major of the Army, Richard Kidd said, "Retention problems are developing in units impacted by high operations TEMPO. One military policeman deployed 3 of his 4 years of service, and he went to six different countries. Family and child abuse cases are on the increase. Operations TEMPO, if not controlled, is a plague capable of devastating our military forces in a multitude of ways."

Chief master sergeant of the Air Force, David Campanale said that, "In terms of the military quality of life checkbook," and that is his term, we all appreciated that. "The quality of life checkbook" or checking account, "has an unknown balance. If we, as a nation, continue to write checks on this quality of life checking account at our current pace, without making deposits in that quality of life account for our military members, it is only a matter of time before we break the bank and return to a hollow force."

Can a unit be devastated by personnel TEMPO? Admiral Boorda, the Chief of Naval Operations, appears to think so. He restructured the Navy deployment and training scheme to increase time in port.

The Joint Chiefs of Staff are so concerned that they initiated a major study on PERSTEMPO that we will hear more about today. All of the services, in fact, are working hard to understand PERSTEMPO and the development systems to measure it.

An example of a unit damaged by high PERSTEMPO may well be the Air Force AWACS radar aircraft. Prior to 1994 the deployment rate for an AWACS unit was 94 days a year. In 1994 the rate was 180 days a year; almost double.

During 1994 the air crew retention rate dropped to a new unsustainable low of 9 percent. The AWACS aircraft deployed to Iraq shared in the blame for a tragic friendly fire incident when two Black Hawk helicopters were shot down on April 14 of last year.

A matter of fact, on one of the major magazine shows this week, it looks like the only person up for court martial is one of the AWACS captain controllers.

Can PERSTEMPO rob a unit of readiness? Well, the AWACS aircraft just might be a classic example of how it certainly can. Our purpose today is to get a better understanding of the long-term implications of high PERSTEMPO and what DOD, the Joint Chiefs, and the services are doing about it. We will continue to pursue the well-being of the people in the military on Thursday, March 16 when the subcommittee will address quality of life issues.

Mr. Pickett, if you would like to make an opening statement, sir. Then I am going to introduce our panel, and then again turn it back over to you as I said I would throughout my 2 years of chairmanship, always letting the major party in the House, in seniority by age of formation of that party, ask the first questions. So, any opening statement, Mr. Pickett.

STATEMENT OF HON. OWEN PICKETT, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

Mr. PICKETT. Thank you, Mr. Chairman. I concur with your assessment of the dangers for a unit that is confronted with a high Operations TEMPO. The penalties for driving a unit too hard are many.

The opportunity to train is denied during these deployments. Equipment wears out faster. Training dollars get redirected pay for the unplanned deployment.

Even more important, however, is the damaging impact of high operations TEMPO on people. We must not forget that it was fundamentally a lack of quality people to man the force that spawned the hollow force of the 1970's.

Mr. Chairman, I am most interested in learning why the operations TEMPO has increased so dramatically. I can appreciate that world events drive military deployments, but we must not forget another cause of increased TEMPO and that is force reductions. You may recall that during the March 7 hearing, I asked if the national commitments had been moderated fast enough to keep pace with the smaller force.

The immediate answer from the Army and the Air Force was that with personnel reductions of over 30 percent, the operations TEMPO had increased 300 and 400 percent respectively.

Earlier in that hearing, General Jones, commander of the Second Marine Division, had directly linked the 10½-percent increase in deployments to the 20-percent reduction in the division's force structure.

Perhaps most compelling was the appeal from master chief petty officer of the Navy, John Hagan, who urged the subcommittee to ensure the size of the force is adequate to accomplish the missions assigned.

There is no question he felt that the greatest risk to the quality of sailors' lives was the mismatch between national security commitments and the size of the fleet.

As you pointed out, Mr. Chairman, high operations TEMPO is a serious threat to our military readiness that we must not allow to fester. At some point, we must reconcile force size and national security commitments.

Thank you, Mr. Chairman. I look forward to hearing from our witnesses this afternoon. I am going to have to leave momentarily, but I will return for the meeting. Thank you, Mr. Chairman.

Mr. DORNAN. All right, good. Because we have the prior chairman of this subcommittee with us, like mail delivery men of old, not sleet, not snow, not dead of night, not even spring sunshine can keep him from making these personnel subcommittee meetings.

I would like to give you the courtesy of making an opening statement, if you choose. Mr. Skelton of Missouri.

Mr. SKELTON. I have extensive comments. I do appreciate this. However, I think it would be best if I reserve them for the questions and answers.

Because we don't have a large number, I might be able to go around the second time. I appreciate the opportunity though, thank you.

Mr. DORNAN. Good. All right, you bet, Ike.

Our first panel, returning within the month because he appeared before us in an informal panel that was very productive, the Honorable Frederick Pang, Assistant Secretary of Defense for Management Policy, and getting a 2-day jump on St. Patrick's Day.

A happy St. Patrick's Day to you Rear Adm. Patricia A. Tracey, director of manpower and personnel (J1) of the joint staff.

Please, Mr. Pang, begin.

STATEMENT OF HON. FREDERICK PANG, ASSISTANT SECRETARY OF DEFENSE FOR FORCE MANAGEMENT POLICY

Mr. PANG. Mr. Chairman, Mr. Pickett and members of the subcommittee, I welcome the opportunity to appear before you with my colleagues to discuss the effect of military operations on our personnel.

The shorthand label we apply to this subject is personnel TEMPO or the even shorter acronym, PERSTEMPO. Simply defined, PERSTEMPO means the time a service member is deployed away from his or her home station. PERSTEMPO is a matter of concern to us because since the end of the cold war, we have been engaged in operations that have required more frequent deployments of certain elements of our personnel overseas.

I say "certain elements" because in current times, only about 10 percent of our military personnel in the aggregate are deployed at any given time. The burden of deployments, however, have not been spread evenly across the force.

Recently, personnel assigned to LAMPS helicopters, Patriot crews, AWACS, civil affairs, A-10's and amphibious ships have been among those stressed by PERSTEMPO.

We also know that PERSTEMPO is not all bad. A certain range of PERSTEMPO is necessary to sustain unit and individual readiness. For example, we need to deploy our carrier battle groups to sea on a regular rotating basis to keep their battle skills honed.

We need to deploy Air Force fighters on a similar basis to train in environments in which they may be needed during a contingency. This is a routine military preparedness training. It is a part of military life.

It is only when PERSTEMPO falls out of the normal range that PERSTEMPO becomes a concern. We are addressing this matter in the Department. Initially, we found that the military services, because of their unique missions and modes of operations, do not share a common method of measuring PERSTEMPO.

We also concluded that while rigid standards for how often people should be away from their home stations were not appropriate guidelines to assess the affect of deployments on people needed to be evaluated.

The Secretary of Defense has asked the Joint Chiefs of Staff to study and develop such guidelines. Admiral Tracey, who is the director of personnel on the Joint Staff, is the person who is charged with this study and can address the status of the study.

Mr. Chairman, I would like to conclude by observing that the Congress and two administrations have worked closely together to effect the prudent drawdown of our forces. Today, the quality of our people is higher. Their experience levels are higher. The quality of our recruits is higher compared to the force we had before the drawdown began.

Notwithstanding this success, the drawdown resulted in personnel turbulence and uncertainty. We acknowledge this. This in turn has added to the current pressures of increased PERSTEMPO.

In this latter regard, we are taking initiatives to bring more stability back into the management of our most valuable resource, our

people. One of the keys is to work on improving the quality of life of our people.

We are doing that in our fiscal year 1996 authorization request by including proposals in the area of compensation, housing, and community support.

Additionally, Secretary Perry has chartered a blue ribbon panel on quality of life headed by former Secretary of the Army, Jack Marsh. One of the areas the panel will focus on is on initiatives to relieve inordinate personnel TEMPO, including the potential of greater use of our reserve forces.

On this latter point, Assistant Secretary of Defense for Reserve Affairs, Debbie Lee, has been charged by Secretary Perry to expand the cost efficient use of reservists to accomplish total force missions and to work in tandem with the Marsh panel to facilitate this initiative.

Finally, Mr. Chairman, I want to acknowledge the fine dedication and outstanding performance of our men and women in uniform during this period of transition from a cold war to a post-cold war force.

I look forward to working with the committee and providing our people the support they have earned and deserve. Thank you, Mr. Chairman.

I believe Adm. Pat Tracey of the Joint Staff now has a brief opening statement. After that, we are prepared to answer any questions you may have.

Mr. DORNAN. Thank you, Mr. Pang. Admiral Tracey.

STATEMENT OF REAR ADM. PATRICIA A. TRACEY, DIRECTOR OF MANPOWER AND PERSONNEL (J1), THE JOINT STAFF

Admiral TRACEY. Sir, thank you, Mr. Pang.

Mr. Chairman, I am happy to be here this afternoon. As Mr. Pang indicated, I have headed up a study group formed of Joint Staff, OSD and service members since late last summer, looking at the definitions of PERSTEMPO, and what systems exist in the services to measure and manage PERSTEMPO in attempting to move in a direction that would allow us to plan for PERSTEMPO requirements.

I would like to begin with a little bit of the definition work that we have done. Two terms that I think you are probably very familiar with that are confused frequently are OPTEMPO and PERSTEMPO.

OPTEMPO refers to a fiscal measure; really a fuels budgeting term that is measured normally in terms of steaming days, flying hours and tank track miles.

PERSTEMPO, on the other hand, refers to the amount of time that a person is away from their home station. That place where a married member's family is located or the place that a single member considers to be their permanent station.

You will hear at least two other terms today because services measure PERSTEMPO at different levels of aggregation reflecting how they employ their forces. Those two terms are also on this chart.

DEPTEMPO which refers to the amount of time units are away from home station. That's the level of aggregation at which the

Navy actually measures PERSTEMPO. The Army measures that level as well as the Marine Corps.

You will hear a second term, SKILLTEMPO, which refers to the average amount of time that members of a given skill are away from home station. The Army measures at this level as well since they deploy not just units, but teams of people in small numbers representing specific skills. I think General Stroup will speak in some detail to both of those measures.

It is clear, I think, that OPTEMPO and PERSTEMPO are not necessarily directly related. An aircraft that flies away from its home station and returns to home base at night is accumulating and expending flying hours, but is not accumulating PERSTEMPO.

As Mr. Pang has indicated, some level of OPTEMPO and PERSTEMPO is necessary to maintain a ready force and to meet a forward engagement strategy. What we have attempted to do is move in a direction that allows us to manage PERSTEMPO so that we accomplish the training that maintains war fighting readiness.

We provide for an acceptable level of personal life and we are able to meet operational requirements and keep all of those in balance. We believe that the most effective system would measure basically three parameters; the amount of time that an individual has been away from home station; when they return, how long they can expect to be at home before they would have to deploy again; and how much of the force is deployed at any one time.

The last measure gives you a sense of how many times you could reiterate the set of demands that you are trying to meet at the given time. Our ultimate goal, as I said, is to establish a planner's tool that allows both CINCs and services to plan to meet requirements for operations, as well as requirements for maintaining the readiness of personnel.

The Navy has the most mature system. It has been in effect for about 10 years. It measures at the unit level. It is a very good approximation of what is happening to people on board ships.

It is not as good for aviation units. I believe the Navy is moving now to make some modification to those measures that it uses for aviation units. It is also making some modifications that Admiral Bowman will speak to with respect to the sailors' understanding of it.

It is a very well-established system. It is well-understood by sailors who know what to expect with respect to their deployment lengths and how many times they should expect to deploy over the course of a sea duty assignment. It has been used not just as a measurement or a tracking tool, but also a fleet scheduling tool for about 10 years.

The services' systems are just beginning to be established. For the Army and the Air Force this is especially true because the requirement to meet rotational demands is a relatively new requirement emerging in the last 4 to 5 years.

Both the Army and the Marine Corps have started out by measuring at the unit level. They don't have an historical data base as yet, so their ability to estimate the affects of PERSTEMPO on retention behavior of specific skills or units is fairly limited at the moment.

The Air Force is measuring at the individual level and aggregating at the weapons system level. They also have a limited ability to develop an historical data base so far. Even though the systems are not mature yet, I think there are some things that we can tell you as a result of the work that we have been doing.

This chart captures the numbers of people who were deployed in February of 1995. It captures it by service, the numbers of people and the percent of that service's in-strength that were deployed throughout 1995.

What is not captured here is about 12,000 Marines who are on a 1-year unaccompanied or a 6-month unit deployment ashore, or any of the personnel who are forward based overseas. The people who are permanently assigned to Germany, for example, or to Korea are not counted in these numbers.

In the aggregate, that makes up about 9 percent of the force deployed in the month of February 1995. Even though that is a relatively small number of people, if we assume about a 6-month rotation pattern, and that is a fairly typical kind of a rotation pattern, that will be about one-fifth of the force that would experience some sort of PERSTEMPO over the course of fiscal year 1995, if that remains about the typical rate of deployment.

Even though those are relatively small numbers, those people clearly can't stay forward deployed permanently. In some cases, those represent large percentages of the inventories we have of the specific skills are involved.

The services have turned specific attention to those very particular demands. The CINCs and the Joint Staff have sought specific alternatives to the demands we placed on those low-density, high-use skills.

Let me show you one more picture of what this looks like. These two pie charts capture, I think, the essence of what has changed about PERSTEMPO. The pie chart on your left reflects the percentages that I just showed you in the sand pipes.

You will see that Navy-Marine Corps numbers dominate that pie chart. Seventy-five percent of the people who are deployed are Navy-Marine Corps people. If you add the additional 12,000 Marines in that, the percentage would be even higher.

That represents the Navy-Marine Corps traditional method of performing their peacetime presence operations. The right-hand pie chart represents, I think, what has changed. Those are the numbers of people who were deployed to joint task force operations, most of them ashore, during February 1995.

If you will note, two-thirds of those people are Army-Air Force people who have filled some of those requirements on a recurring basis since the end of Desert Storm, in the case of Deny Flight Operations, Provide Comfort, and Southern Watch.

I think one of the things that is changing and is causing us to take a closer look at this is the demand has increased for Army and Air Force people to fill assignments on a rotational basis in a forward deployed status away from a forward base status for their families.

As I have said, the services, the Joint Staff and CINCs have each attempted to manage PERSTEMPO as we have come to grips with it. The services have a large number of tools. Many of them in the

personnel management arena that allow them to address the effects of increased demands for forward deployments, for individual skills or groups of skills within their service.

The Joint Staff and the CINCs also have several means at their use. Let me go through a few of those. One of those is ensuring that we consider the worldwide inventory of units and skills when we are deploying forces.

Probably the best example of that is that the 10th Mountain Division when it rotated out of Haiti this past January was replaced by the 25th Infantry Division out of Hawaii as a means of spelling the 10th Mountain Division for its demands.

We have also improved and expanded the use of Reserves. We have had an ongoing demand for the use of Reserves in support of our foreign military contact teams in Europe. We have been able to use those quite extensively to expand our contacts with Eastern European countries.

We have also used Reserves to relieve some of the A-10 squadron PERSTEMPO in Europe in the Deny Flight Operations in southern Europe just since December. We have also worked a substitute across service boundaries for like capabilities.

When we began the operations in Guantanamo and in Haiti in the September, October time frame, we found 20 of 26 MP units deployed out of CONUS at the time. We made a couple of adjustments to accommodate that very high level of deployment when we use both Army MP's and Air Force Security Police to provide some of the security operations for the camps on Guantanamo.

We also trained up some infantry units to serve outside of the gate to provide exterior security for Guantanamo and have been able to achieve a fairly substantial MP deployment rate for forces out of CONUS. We have also worked a contract for host nation support and nonmilitary support for those things which are not military essential.

Our linguist requirements in Haiti were met by a combination of active duty people TDY to those assignments, host nation, and contractor personnel brought in from the United States in order to underpin that operation. We have sustained that capability as we have transitioned that operation.

There has clearly been a fair amount of work done and a lot left to be done to assess what the impact is of PERSTEMPO on retention behavior and the kinds of events that precede retention behavior such as family stress indicators, et cetera.

We believe that there is a possibility for the services, the Joint Staff, and the CINC's to work together in managing PERSTEMPO so that we are able to keep in balance both the operational requirements, the training requirements, and the personnel requirements of our quality force.

Thank you, sir.

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HOUSE NATIONAL SECURITY COMMITTEE

STATEMENT OF
REAR ADMIRAL PATRICIA A. TRACEY
DIRECTOR FOR MANPOWER AND PERSONNEL
THE JOINT STAFF
BEFORE THE
PERSONNEL SUBCOMMITTEE
OF THE
HOUSE NATIONAL SECURITY COMMITTEE
ON
PERSONNEL OPTEMPO
14 MARCH 1995

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HOUSE NATIONAL SECURITY COMMITTEE

Thank you, Mr. Chairman, for the opportunity to appear before you today to discuss Personnel OPTEMPO, or PERSTEMPO.

Last summer as a result of the Defense Science Board study on readiness, the Deputy Secretary of Defense directed that a working group be formed to examine the effects of increased operations on service members and to develop a measurement methodology. This working group, led by the Joint Staff and including members from the Services and the Office of the USD (Personnel and Readiness), included members from both the personnel and the operations fields. Its primary objective was to define PERSTEMPO, identify criteria and standards for each Service and determine what measurement and reporting systems currently exist. This report is in final staffing.

First of all, I would like to provide some definitional groundwork. OPTEMPO and PERSTEMPO are often confused and used incorrectly. OPTEMPO is a quantifiable, fiscal measure, related to Service platforms, which is used in fuels budgeting. It refers to steaming days, flying hours and tank track miles. PERSTEMPO is the amount of time a service member is away from home station -- in general, i.e. the place where married members' families are and that single members consider their permanent station. PERSTEMPO

is not necessarily a direct reflection of OPTEMPO. Aircrews that return to homebase at the end of a mission, for example, expend flying hours, but do not increase their PERSTEMPO. PERSTEMPO is a reflection of the effect of the pace of operations on people in the Service. A ready force, fulfilling a strategy of forward engagement must expend some amount of both PERSTEMPO and OPTEMPO. By managing PERSTEMPO for deployed forces we can provide sufficient training time to maintain warfighting proficiency and a reasonable personal life while meeting operational requirements.

The most effective system will measure three parameters: how long an individual has been gone; once returned, how long until the next deployment; and how much of the force is deployed. The ultimate goal is to give service planners a tool to manage future force deployments with some predictability.

The Navy has the most mature system which measures at the unit level. Today Navy is refining its system to improve measurement for aviation units and to make it more meaningful to sailors. Navy has been using PERSTEMPO data as a planners tool for the last ten years.

The other Service systems are in their infancy. For Army and Air Force, especially, the demand to meet operational requirements on a rotational basis is new. Both Army and Marine Corps are starting to measure at the unit level of detail. They have yet to develop an historical database from which solid analysis can be drawn. The Air Force measures at the individual level and again, has yet to develop enough history to draw definitive conclusions.

Even though these systems are not mature yet, our investigations have uncovered two things: First, even though there has been a lot of activity within the force, we have a relatively small portion of our armed forces deployed at any given time. We currently have approximately 9% of the force deployed, either involved in a specific operation or fulfilling a forward presence/deterrent role. We should also note that even though only 9% of our forces are currently deployed, we cannot expect these service members to remain there indefinitely. Therefore, we must rotate units in order to equitably distribute the burden throughout the force. Assuming a typical six month rotation period, approximately one fifth of our armed forces will be away from home at some point during the year. The second thing we have learned is that within the 9%, there are some specific skills that are in high demand for most operations.

Services have turned specific attention to these skills and CINCs and Joint Staff have sought alternative sources for the capabilities represented by these skills.

The Services, Joint Staff and CINCs each have tools that they can use to manage PERSTEMPO. Services can change PERSTEMPO rates through effective management of the inventory, increasing the number of people in high demand skills. The Joint Staff and CINCs also can impact PERSTEMPO through several means:

- ensuring we consider the worldwide inventory of units and skills when deploying forces.
- improved and expanded use of reserves.
- substituting across Service boundaries for like capabilities.
- contracting and host nation support for non military support functions.

Specifically, in just the last several months, we have taken several actions that have reduced time away from home for heavily tasked units:

- The 25th Infantry Division, a Pacific based unit, was deployed to Haiti to relieve the 10th Mountain Division, rotating like units and sharing the burden.
- Last year when the Haiti and GTMO operations were starting we saw a large demand for military police, 20 of 26

units deployed. We trained and deployed some infantry units to help lessen the burden on military police units.

- Navy and Marine Corps EA-6Bs and Air Force EF-111s are rotating through Aviano, Italy in support of Operation Deny Flight, developing a rotation plan among the Services to share this mission.

- A-10 crews in Europe were experiencing very high PERSTEMPO rates, reserves are now being used to help bring the active component rate down.

- Air Force reconnaissance aircraft are experiencing high PERSTEMPO rates. The Joint Staff is currently working with Air Force to examine the world wide requirement with the intention of reducing aircrew time away from home station.

- Reservists, doing their yearly training, are being employed in Europe to work in the Joint Contact Team program, reducing the need for CINC staff members to deploy.

There are numerous other instances in which the Services have taken action to address the effects of increased operations.

Obviously, this project has progressed significantly but we have more work to do. As PERSTEMPO history develops for each Service, they can examine whether there is a correlation with retention and what the impacts may be on

readiness. Eventually, this will provide all CINCs and Services with a planning tool similar to the one the Navy uses today.

Overall, we think there is tremendous potential in these systems. Given time to bring them to maturity, they can be invaluable management assets for the Services, the Joint Staff and the CINCs.

Thank you again for the opportunity to appear before the Committee and I shall gladly answer any questions you may have.

Mr. DORNAN. Thank you, Admiral Tracey.

Any questions? Mr. Pickett.

Mr. PICKETT. Thank you, Mr. Chairman.

I think that the focus of the concerns is probably what you, Admiral Tracey, have referred to as the low-density, high-use units. We recognize that there is a certain level of PERSTEMPO, as Dr. Pang has pointed out, that is expected and required.

We are hearing reports about certain units being used rather intensively. I think this raises the question of whether our forces are appropriately structured to provide the kind of mission requirements that seem to be arising.

Does this indicate that perhaps some additional look should be taken to see if we are properly structuring the forces?

Admiral TRACEY. I think that the services and the chairman must continually reevaluate what the force structure is in light of the changing demands. I believe that we must first assess where we are with respect to scheduling the demands on those low-density skills; whether we really have capitalized on all of the opportunities to use the worldwide inventory of similar skills.

We have used what we can use, what we can use of Reserve capabilities in those skills. That we have moved as expeditiously as the operational demands would dictate the use of other than military forces to provide some of those support functions which are not necessarily militarily essential; particularly in things that are not hostile actions.

Mr. PICKETT. These potential actions that you have just enumerated, have they been taken into account on a regular basis in making decisions about employing these low-density, high-use units?

Admiral TRACEY. I think it is fair to say that we have not looked deliberately and systematically at that until probably the last 6 to 9 months. This is a relatively new focus for us as we have begun to realize how heavily the demands have fallen to those specific sets of skills and units.

Mr. PICKETT. If it appears that the mission requirement is there for these kinds of units, would it be the intention of the Department to take action to restructure to provide more capability in these areas?

Admiral TRACEY. I would think the first choice would be what the services' recommendations are as to how to accommodate the demand. In the case of the Air Force, for example, and those are not the kinds of skills that you are speaking to, I think, but in the case of the Air Force, for example, the Air Force has been able to adjust crew ratios to achieve relief in some of their particularly high-demand, low-density skills.

Some of those alternatives exist within existing structure; an adjustment to the size of the TOA organization for some of these low-density skills. I think the first call would come to the services to how they would like us to manage the inventory within potentially larger issues to be followed on.

Mr. PICKETT. Dr. Pang, you mentioned the issue of getting better data on the PERSTEMPO matter and how it impacts on the individual services. When do you expect this program to be completed? How do you expect to apply this data in making decisions in the future?

Mr. PANG. Mr. Pickett, you know the Joint Chiefs of Staff is conducting a study now. The time line, I think, Admiral Tracey can speak to. But before she answers that question, I would just like to echo what she said in response to or answered in response to your previous question and that is, the force structure on those low-density, high-use skills.

I think it is fair to say that as a result of the study there will have to be some restructuring because of the high PERSTEMPO. On those elements of the force, I think, we need to be very innovative in the way we look. I think Admiral Tracey alluded to that in her response by saying that we need to not be bound by artificial barriers that used to bind us before.

In other words, one service traditionally doing the mission, but looking across the services and, indeed, among commands. Having said that, let me just turn to Admiral Tracey and have her respond to your specific question.

Admiral TRACEY. Air Force, Army and Navy are flowing now to us. There is not good history for Air Force and Army data, first, to do a lot of analysis. So, that will take us several months before we are able to do some robust analysis at all.

The Marine Corps system will be on-line, I think, within the year. We are doing a little bit of work with the data bases at Monterey, the DMDC data bases at Monterey, to see whether we are able to do some historical work using the big defense data bases that are resident at Monterey.

They are grosser than a services's new system will be. We are not sure what the error rates will be if we begin to do some analysis with those. That would be our best hope for being able to do anything quickly is if we can achieve an acceptable error rate and the kind of analysis we can do out of DMDC data.

In the meantime, the chairman is receiving on at least a quarterly basis, perhaps monthly, a listing from CINCs and services of those skills or units they see as their most stressed units. He has worked through those lists to make modifications where he has to make them.

In fact, there will be some adjustments made to some surveillance aircraft distribution in the next several weeks as a result of one of those studies. We are working several ends of this at once, recognizing that it will be a while before there is robust data in which to do the kinds of analysis the Navy has been able to do to establish thresholds and management tools.

Mr. PICKETT. All right. Thank you. Thank you, Mr. Chairman.

Mr. DORNAN. I would like to ask a couple of questions now myself and may ask you to repeat just a little bit of what you were just discussing, Mr. Pang and also Admiral. I want to ask about some of these specific units that both of you referred to in your statements.

If only 10 percent or 9 percent of the force is deployed at any one time, what I am still trying to get a fix on is how evenly that burden is spread across all of the forces and we will use some units as examples.

How about the LAMPS helicopters, the Patriot crews, the AWACS aircraft, the A-10 fighters, civil affairs groups and amphibious ships as examples of units that have been stressed. How

do you, to be fair to them, Mr. Pang, crank in the individual requirements that we overload on these particular types of professional career fields?

Mr. PANG. Mr. Chairman, I think it is fair to say that when we transitioned from the cold war force to post-cold war force, we did not anticipate the high demand for these types of people and units. As a result, there is a lag, I think that is fair to say, between how they ought to be manned and what we brought over.

That is the problem that we face right now and that is how come we have this study by the JCS to examine these units to see what we can do about correcting the problems that exist with these units. Some of the things that we can do are things like increasing the manning of these units, removing some of the artificial barriers that bound us before with regard to one service traditionally doing a particular mission and looking across services, and/or a command that traditionally had a mission and look across commands. So, those are some of the kinds of initiatives that we are looking at.

Mr. DORNAN. Admiral.

Admiral TRACEY. I would suggest, for example, in the case of the Patriot missile batteries, I think the Army has a very good story to tell of having increased the numbers of batteries, having applied reenlistment tools to increase the inventories of people reenlisting in those batteries, changing some of the basing strategies for Patriot missile batteries, so that there are people now on 1-year company tours, which is not the most desirable status, but it reduces the numbers of people who have to go on short fuse deployments.

The Army has done a very robust job of managing the increased demand on Patriot missile batteries, for example. So, there are a number of tools that are available inside—

Mr. DORNAN. How about your own LAMPS helicopters in the Navy?

Admiral TRACEY. LAMPS helicopters face very high demands. I am sorry, sir, I am not sure I got your question.

Mr. DORNAN. What are you doing to relieve some of the over requirement on these—they are all Black Hawk helicopters now, aren't they SH-60's, all of the LAMPS?

Admiral TRACEY. The LAMPS?

Mr. DORNAN. Yes.

Admiral TRACEY. Sir, I think Admiral Bowman would have to speak to those specifics. I am not aware of specific actions on the LAMPS helicopters. I can get that answer for you.

Mr. DORNAN. Mr. Pang, let me ask you this. Using the old traditional one deployed, one getting ready and one just returned structure, if 10 percent of the force is deployed, does this mean roughly that 30 percent of the force is dedicated to direct support for deployments?

Mr. PANG. Yes, sir, that is fair to say, given that rotation pattern. In fact, I would think that the percentage is a bit higher because of the support tail that goes along with it.

Mr. DORNAN. Obviously, there are missions being over stressed. What does it say about the balance of everyone else in the force structure? Should we be buying different combat resources, more support mission packages to meet the peacetime challenges in this new era?

Mr. PANG. Mr. Chairman, I think in the aggregate, we are okay. I think our problem is one of internal distribution. These units that are low-density, highly stressed units, we need to make more robust. I think we can do that from within the existing resources that we have.

Mr. DORNAN. Looking at a very big national security picture, and this may be your last chance to take a shot at this for a couple of months here, do you think the use of military forces in peacetime is structured improperly under our current national security strategy?

That maybe we should go right to the top, look at our whole strategy from the top down, and say if this is the role of the military today, all of these various peacekeeping and/or peacekeeping missions, now we may put troops in the Golan Heights of the Israeli-Syrian border; do we have to look at the way we are strategically balanced in our forces?

I mean, are we still adapting a structure left over from the cold war and from Desert Storm and the result is we are hitting on some units unfairly because we have not restructured this from the top down with a new national security strategy?

Mr. PANG. I think it is fair to say that given these problems, we need to look at some restructuring of the forces. These units are the units that we need to focus on.

Mr. DORNAN. Good.

Mr. PANG. I think that is fair to say, yes, sir.

Mr. DORNAN. Any comment on that, Admiral?

Admiral TRACEY. Sir, I would also suggest though that it is equally fair to say that we have not done all of the management kinds of things we can to be sure we are taking the best shot at managing the inventories of those skills that we have.

We have not treated some of these joint task forces as the recurring requirements that they are, and planned ahead for the kind of 6-month or 90-day rotations that it takes to fill the requirements of the joint task forces. Until we have done that and accounted for the worldwide inventory, accounted for what Reserves can do for us, and what things really do not require military personnel, or those things which can be done by more than one service, and in the aggregate we have a larger inventory than we have traditionally thought about, I would be reluctant to throw away combat capability for combat support capability. Although I think that the right question to ultimately be asking is whether you have the right structure.

Mr. DORNAN. Right. I would say, judging from my own past experience in the military and 18 years around this Hill, that if somebody said to me, what is your major criticism of serving as a U.S. Congressman, I would say, over the last 18 years never knowing what was going to happen next week.

We would publish agendas and they would be violated in the main rather than ever adhered to. I don't mind this tremendous tempo that we are keeping here because we were told on the day we were sworn in this year that it was throttle to the floor for the first 100 or so days.

So, you know that you have got a time frame in which to plan family things and judge your own life. In the military, I actually

looked forward to overseas deployments, or mobility moves, or training sessions away from the base. I thought that is what the military was all about. I think that the morale is high in military units.

Commandant Mundy said, our kids are so gung-ho to perform that you cannot break them if they are told within family parameters, the next 120 days is to the max effort here and you are leaving 1 year from now for a 3-month deployment. It is the constant insecurity of "Hi, honey, I'm home. I'm gone Monday, Goodbye; oh, something just came up. Didn't know about Rwanda; didn't know about Bosnia; didn't know about Saddam Hussein getting antsy again."

Is there any planning because you talk about maturing systems of how we approach this? Is there any thinking about how in an erratic world—who knows what is going to happen in Burundi? Who knows if Tushman in Croatia is going to set up a situation where Serbia attacks again and the killing starts there? What does that mean for Abeano, Vinchinsia, and everybody we have forward deployed?

How, in those areas where we can plan, can we send a message of stability down to the families and the men and women so they can do a little better planning than what has happened over the last chaotic 2 years?

Mr. PANG. Mr. Chairman, I think it is fair to say that this is under constant review. We started off after the cold war in the previous administration in attempting to try to develop a strategy. We, as you recall, had something called the base force lay down. That evolved into what we now have, we have termed the Bottom-Up Review. That produced a force structure.

We are still looking at our roles and missions to try to get a clearer definition and more specificity with regard to them. We have a Roles and Missions Commission that is also working on that. It is evolving. I think it is fair to say that we do not have, at the moment, the optimal force structure for the future.

We know that, but we are moving. I think what I would like to communicate to our forces is that this is something I know you and we take very, very seriously. We have, in the last several years, focused very hard on bringing down our forces. Active duty forces are going to be reduced over the 5-year period by some 33 percent.

We were very conscious about how we go about doing that and may have been somewhat preoccupied by doing that. I think that was necessary because we wanted to make sure that the forces that we have in being at the end of the drawdown would be robust and capable.

I think that we are there. We are 90 percent through with the drawdown. Our shift in focus now is to try to introduce more stability into our force. I think the drawdown, quite frankly, and the uncertainties and the turbulence that went along with the drawdown was compounded by the PERSTEMPO matter.

You have those two things working together. It is of major concern to us. We want to bring more stability back into the force. We are doing that by focusing now on one element of stability, and that is trying to improve the quality of life of our men and women in uniform.

Mr. DORNAN. Well said. I want to get to Congressman Skelton. Do you have a comment, Admiral, on that?

Admiral TRACEY. Only that I think predictability is one of the products of a robust PERSTEMPO system that would let you plan ahead. I think when you hear the Air Force system is really very elegant in giving people lead time to know that they are next up to relieve in a forward deployment operation, they have done some really nice work on that.

The Navy's system has for 10 years been an issue of predictability for sailors. They know how long their deployments are and how long they should expect to have between deployments. It works very, very well for Navy people to plan their personnel around what is clearly a very demanding operational schedule.

Mr. DORNAN. Your figures today are stunning to me with the Navy. I suspected as much because you take your bases to sea with you.

Admiral TRACEY. That's right.

Mr. DORNAN. You can look at any Navy base and you can see that the ships are spotless. Sometimes the bases are not. The Air Force and the Army wins all of the base beautification contests. You consider, outside of your housing areas, your bases are at sea.

Admiral TRACEY. That's right.

Mr. DORNAN. That is where you operate from. Mr. Skelton.

Mr. SKELTON. Thank you, Mr. Chairman.

You posed an excellent question a few moments ago. How can we send the message to the forces about predictability for their deployments?

Mr. Pang also spoke about more stability in our force structure and among our forces.

I am convinced, Mr. Chairman, that the best thing the Congress of the United States can do would be to adequately fund the military budget. As you know, I have put forth some figures after a great deal of effort. I think we will be doing everyone a disservice if we do not take the dollars into consideration.

We see some tugs of war; two of them really. The first is the tug of war of readiness versus the force structure, size, and modernization. The readiness is winning that tug of war against the force structure and against modernizing the forces. The other tug of war is that between the national security commitments that we have worldwide and the size of our forces.

We have, as has been referred to, the strategic document known as the Bottom-Up Review which is to allow us to fight successfully two nearly simultaneous major regional conflicts. These two tugs of war of which I spoke might well interfere with our being successful in doing so.

I hope that the Roles and Missions Commission will take a look at some of this, especially the two tugs of war of which I speak. In particular, I feel very strongly that the Army should never go below 12 divisions. That four of them should be rounded out with either one or two brigades. And that the Navy should never go below 346 manned ships.

There was testimony a year ago that they were going down to 330. I think under the present leadership of the Navy, we will be able to hold to 346 ships, but they still have to be manned.

I am convinced, Mr. Chairman, that this Congress will make the decision whether this country will remain a world military power this year and next year, and if it doesn't do that in an affirmative action, affirmative votes, it will be too late then.

We will have to address the size of the military. We will have to address the force structure. We will have to address the modernization; not just readiness. Mr. Chairman, I think that the buck will stop with us.

We had best take this seriously. The first red flag that goes up is a basic training attrition. This is up. This should bother everyone in uniform. It bothers me tremendously.

Secretary Pang, what do you want from us to make all of these things happen? What is your recommendation and request of us?

Mr. PANG. Mr. Skelton, what we need is full support for the budget and the authorization request that we submitted.

Mr. SKELTON. The budget that you submitted is—you cannot do it with that. The budget that you submitted will hardly pay for the pay raise that we are going to give. What else?

Mr. PANG. Within the budget request that we have submitted, we would really like to ensure that the recruiting resources we have allocated in the 1996 budget be preserved. I know the Congress provided us an \$89 million plus-up last year. We have carried that over into fiscal year 1996.

I think my colleagues will talk about the recruiting problems that they face in the future. I think we need to make sure that we fund the budget request for recruiting, and that we have a pay raise for military personnel at the maximum level provided for by law.

We hope it would be funded; that the military personnel account come out to, as I recall, about \$119 billion. That account, the military personnel account, ought to be funded at the full amount. I know that there is going to be tension. There always is between the so-called readiness accounts which includes the people accounts and the modernization accounts.

I think Secretary Perry and General Shalikashvili both have indicated that this year's budget, the 1996 budget, adequately funds what we call our short-term readiness requirements. Over the long term, there are some issues with regard to modernization that we have to take up.

Mr. SKELTON. That is of which I speak. If we do not do something budget-wise this year and next year, I think the shooting is over with. You speak of long term. That is of which I speak. Thank you.

Mr. DORNAN. Thank you. Mr. Buyer.

Mr. BUYER. I just have one quick question.

Admiral Tracey, you indicated that one of the techniques for reducing the operations TEMPO of the active duty units is to use the Reserve units with similar capabilities to spell the Active Forces or to employ the host nation contracts for needed services.

Can you tell us the cost effectiveness of that type of strategy?

Admiral TRACEY. I cannot speak specifically to the costs. Reserve unit use has its limitations. Reserves, obviously, are civilians so they are not universally available when we would like to have

them. Not all reservists can be available for prolonged periods of time. There are some limits on what Reserves are able to do for us.

There is a fairly robust effort going on between the Reserve Affairs, Ms. Lee, CINC's, services, and the Joint Staff identifying those places where Reserves can be used most effectively to spell active duty forces.

Mr. BUYER. The JCS did study the implications of what units would be available if necessary?

Admiral TRACEY. We have looked at a zero sum—sort of an approach to try to use existing training dollars in order to use those Reserve units' training time to off-set active duty requirements and meet Reserve training requirements. From that perspective, I would say we have looked at costs.

Mr. BUYER. You do not need any legislative solutions at this time?

Admiral TRACEY. I think that is correct. There have been no legislative impediments identified.

Mr. PANG. Sir, Assistant Secretary of Defense, Debbie Lee, will be testifying I think before this subcommittee in about a week or so. She is the person who has been charged with looking at this by Secretary Perry. I think she can respond pretty specifically to the initiatives that she has undertaken.

Mr. BUYER. Well, we will not have you play her trump card then. We will wait. Thank you, Mr. Chairman.

Mr. DORNAN. Thank you. Mr. Tiahrt.

Mr. TIAHRT. Thank you, Mr. Chairman.

I wonder if we have been using the wrong yardstick for measuring how our national defense is prepared? We have talked about a simultaneous, two-theater scenario. In Desert Storm we were really focused on a one-theater scenario. Maybe we need to change it to a one-theater scenario and six or seven peacekeeping operations.

It seems like there are certain facets, like you brought out, such as the A-10 units that are at a high-stress level. We seem to practice a high level of international involvement, but yet we fund at a level of isolationism.

I think some of the reaction we have gotten as to what the Congress has done to limiting placing troops under U.N. control and limiting funding to the United Nations has been kind of a reaction to that policy where we actively try to participate at a high level of international involvement and then fund at a level of isolationism. I think Mr. Skelton addressed that fairly well.

You have given us some yardsticks to measure by with this PERSTEMPO. I guess the recommendations are what I would like to hear. I understand a measurement system is important. Where do we go, as a Congress? What is the recommendation of the experts inside the military?

I would like to personally hear that. I think we are facing some serious policy problems in the way that we have tried to address the status and what we have done to our troops. In your system of measurement, Admiral Tracey, are the recommendations forthcoming or is this what we are waiting for in a couple of weeks? What do we address when we have troops out?

I guess my point of reference is the Kansas Air National Guard. I am from Kansas. We have some members who have been TDY

160 days. We cannot really do that and expect them to have a good quality of life, keep their families together, and plan for their future. There has to be some solution to that problem that we are working toward, I would hope.

Admiral TRACEY. I think we are working toward, as I have said I think, planning people's deployment so that they know what to expect with respect to when they will deploy and how long they will be deployed.

I think Secretary Pang has spoken to the kinds of quality of life initiatives that services already have in place and that are already under consideration which undermine family stability when a servicemember is deployed.

That can be added to account for the fact that more people are deployed under the structure we exist under today. I think those are my recommendations; to allow us to manage this with the tools that we have in place; to develop the understanding that we are just now beginning to realize how much is too much for certain types of skills and certain types of units.

Mr. PANG. Sir, if I could add. I think there are two issues here. One has to do with the mix of our forces. I know this effort that is underway in the JCS will result in a different mix of forces; especially with those units that are low-density, highly stressed units.

I think the other part of it is the frustration of having to fund contingencies after the fact. I know John Hamre, our Comptroller, has testified that if there is one thing we could have that would be helpful to us, it would be an account bounded, of course, which would help us in funding contingencies on a real-time basis. We would have some funds set aside that we could draw on so that when we have to deploy our forces, we can draw on those funds.

I think what we get into when we have to call on our forces to participate in a particular contingency, is we have to drawdown our operations and maintenance accounts and then come back to the Congress and get more money in the form of a supplemental.

It is always after the fact. We then get caught up in lower operations TEMPO. That has a negative affect on maintaining the readiness of certain units.

Mr. TIAHRT. I do not want the Congress to micromanage the military. I think the people who can solve that problem are in front of me now and not sitting on this row up here with me.

You bring up a good point with mix. For me, it goes back to the yardstick. We do not have a two-scenario problem. We need to adjust what our measurement tool is because of the A-10's.

I see that my time has expired.

Mr. DORNAN. Thank you. With a B-1 unit in Kansas, you are going to see, in about 2 years, an OPTEMPO and a PERSTEMPO on that unit at McConnell. It is going to be amazing.

Thank you very much. I do not have any closing questions. Do any of my Democratic colleagues have any t's they want to cross? If not, thank you very much. Excellent testimony as usual, Mr. Pang, and wonderful to hear from you, Rear Admiral Tracey.

Mr. PANG. Thank you, Mr. Chairman.

Admiral TRACEY. Thank you, sir.

Mr. DORNAN. The panel will please come forward. The second panel includes the four service personnel chiefs who will give this subcommittee their individual service perspectives.

The last time I recall having all of the personnel chiefs before this subcommittee, Mr. Skelton was the chairman and it was precisely this very day. I remember commenting on the Ides of March. We had equally difficult problems to discuss then.

I would like to mention that the personnel chiefs are welcomed to introduce their budget posture statements for inclusion in the record at this time.

The panel includes Lt. Gen. Theodore G. Stroup, Jr., Army Deputy Chief of Staff for Personnel; Lt. Gen. George R. Christmas, Marine Corps Deputy Chief of Staff for Manpower and Reserve Affairs; Vice Adm. Frank L. Bowman, Navy Chief of Naval Personnel; and Lt. Gen. Billy J. Boles, who I think is the only returning personnel chief, Air Force Deputy Chief of Staff for Personnel.

General Christmas, I have just been dying to ask you this, do you have a sister named Mary or is your mother named Mary?

General CHRISTMAS. One of the above, sir.

Mr. DORNAN. Do you have any daughters, or granddaughters who you are going to name Mary?

General CHRISTMAS. No. In fact, all efforts to try to stay away from that.

Mr. DORNAN. That would lend itself to an Abbott and Costello routine very quickly.

General CHRISTMAS. I think the closest thing I ever came was in college dating a Mary one time.

Mr. SKELTON. Mr. Chairman, should we ask any of the witnesses here if they have any daughters named Mary?

Mr. DORNAN. Obviously, it would go well with any name. I think it might be worth it to try it for one daughter.

Gentlemen, if we would start with General Stroup, we will just go left to right here with any opening statements. If you want to abbreviate anything for the record, please feel free to do that too.

STATEMENT OF LT. GEN. THEODORE G. STROUP, JR., ARMY DEPUTY CHIEF OF STAFF FOR PERSONNEL

General STROUP. Good afternoon, Mr. Chairman and distinguished panel members. It is my distinct pleasure to appear before you this afternoon for the first time.

I am pleased to discuss with you today PERSTEMPO and some other personnel aspects of the U.S. Army. I will introduce my more formal remarks for the record and quickly summarize highlights from those remarks, if that is permissible, sir.

Mr. DORNAN. Please.

General STROUP. As you are aware, since the Berlin Wall came down, the Operating TEMPO for the Army of the United States, both the Active and Reserve components, has increased dramatically.

We have started to measure, from an observation standpoint but not a statistical standpoint, how many soldiers on a given day are deployed around the world, in addition to those that are forward stationed in our two large areas of concentration; the Republic of Germany and the Republic of Korea.

On any given day, we would average about 29,000 soldiers deployed over 71 countries on a variety of missions. These quality young American men and women are both Active and Reserve component soldiers.

Working with the Department of Defense and the Joint Chiefs of Staff, we have started to examine, as a service, PERSTEMPO. We have looked, as a service, because we have not utilized PERSTEMPO prior to this as a concept for operational deployments or individual deployments.

Primarily as a ground force that was forward stationed in Europe, it was a large concentration of soldiers and their families stationed in Europe, plus the Korean Peninsula that actually drove our rotational policies.

Since we have found ourselves downsizing our in-strength and force structure in Europe, and with new operational requirements in the post-cold war world, we have started looking recently at the concept in the measurement statistically, the moral, quality of life and the readiness impact of PERSTEMPO.

The Army has decided to look at the factor of PERSTEMPO in two elements. One of those elements is what we call in Army language, DEPTEMPO. That addresses the deployment of units away from their concern, say, in Germany, their base camp station, their post, in the United States.

The other aspect of our categorization of PERSTEMPO is looking at the individual skills of our soldiers, our MOS's if you will please, and we are calling that SKILLTEMPO.

We are evaluating that, looking at the density MOS's, the high and the low, and the impact on that as we go along. That study is currently underway, being conducted both by myself and our Deputy Chief of Staff for Operations.

We have a quality force. It is our premise that we must keep quality soldiers in the Active and Reserve components because quality soldiers, as we view, are the essence of America's Army.

I would offer up some cautions to echo what Dr. Pang and Admiral Tracey said. In addition to PERSTEMPO, one of my concerns along with our chief, Gordon Sullivan, and our Secretary, Togo West, is the propensity of today's youth to enlist.

We have noticed recently from addressing the figures presented by both the Department of Defense and the other services in terms of the youth attitude tracking survey or YATS that the propensity since the 1988-89 timeframe for young Americans in the age bracket of 16- to 21-year-of-age, has dropped some 39 percent. This has caused us concern.

For example, in the early 1990's, an Army recruiter for the Active force generally had to make about 100 contacts to actually get an interview that would result in a contract signing for a young American to join the Army; either into the DEP or directly into the force.

Today, our recruiting force for the Active component is up to approximately 160 of those contacts to get one contract signed. Put in another way, we are looking at 14 hard and earnest interviews that must occur in the recruiting station or the MEPS station before that recruiter gets a contract signed.

We have reduced our number of accessions over the past number of years to participate and pay for part of the drawdown as we brought down the force in terms of size 33 percent.

Another thing that we are facing dealing with this propensity along with my fellow services is we are all generally looking at an increase in the number of young Americans that we will have to ask to join the Active Forces.

Today, I am recruiting for this fiscal year some 70,000 young Americans. In the future, when I look at the next 2 fiscal years I will see, because we have used the drawdown as part of paying the price in terms of the number of accessions, my number of accessions go up for the Active to between 80- and 90-plus thousand over the next 2 years.

That will put an increase on our resource requirements from the standpoint of the number of recruiters. I ask for your continued support for the recruiting dollars which you have so graciously given us an increase in, in the last few years.

In addition to that, tying that in with PERSTEMPO. We are facing the perplexing Gordian Knot situation of trying to finish some analysis over the long term as what this means to the readiness of the force. Our first imperative will be the quality of the force.

Mr. Chairman, that summarizes my remarks for the record. Thank you for the opportunity to participate today.

[The prepared statement of General Stroup follows:]

RECORD VERSION

STATEMENT BY
LIEUTENANT GENERAL THEODORE G. STROUP, JR.
DEPUTY CHIEF OF STAFF FOR PERSONNEL

U. S. ARMY

BEFORE THE

MILITARY PERSONNEL SUBCOMMITTEE

NATIONAL SECURITY COMMITTEE

UNITED STATES HOUSE OF REPRESENTATIVES

FIRST SESSION, 104TH CONGRESS

PERSONNEL TEMPO

14 MARCH 1995

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE NATIONAL SECURITY
COMMITTEE

Record Statement**Deputy Chief of Staff for Personnel****U. S. Army**

Mr. Chairman, thank you for the opportunity to testify before your subcommittee on behalf of the men and women of the United States Army. In spite of continuing turbulence during the past year, America's Army remains capable of accomplishing our many varied missions. Within the next two years we will complete "downsizing" the Army and reach steady state. Therefore, we are now concentrating on programs that will ensure our continued readiness. Today I will give you a progress report on the draw down. I will discuss PERSTEMPO, our Accessions Programs, Military Compensation, Quality of Life, Senior Service Colleges, and Women in the Army.

PERSTEMPO

There are two components of PERSTEMPO for the Army. They are Unit Deployment Tempo (DEPTEMPO) and Soldier Skill Deployment Tempo (SKILLTEMPO). DEPTEMPO is defined as the percent of time spent on operational out of station deployments by units. "Out of station" is further defined as an operational deployment away from the home station including for example humanitarian, non hostile and hostile fire deployments. Training deployments, such as those to the National Training Center, are not counted. SKILLTEMPO is defined as the percent of time spent on out of station operational deployments by soldiers by Military Occupational Specialty (MOS) and skill level. Unique requirements for Operations Other than War have stressed particular MOSSs and units such as transportation, Patriot Missile Battalions, and Military Police Companies.

Prototype reports DEPTempo prepared in January of this year show the following units as having the most deployments: Special Forces, Infantry, Air Defense, Military Police & Combat Support (Forward Support) ~

Prototype reports for SKILLtempo mirror this with the five most frequently deployed MOSSs being either Patriot Missile Crewman and their support personnel or Special Forces soldiers.

We anticipate the following benefits from measuring PERSTEMPO: improved data upon which to base force structure decisions, improved development of soldier programs, better use of the Reserve Component, and a potential indicator of personnel readiness. Data will also be evaluated for correlation with soldier retention.

Thus far, our increased operating tempo does not appear to have had an adverse impact on recruiting or retention.

DRAW DOWN UPDATE

Regular Army

As I stated above, we will complete our draw down in the next two years. Thanks to the tools you have provided, we have been able to do this about as painlessly as is possible given the fiscal constraints and desires of our personnel. At the end of Fiscal Year 1994, we were about 90% complete. By the end of this fiscal year we will be about 95% complete and will complete the draw down in FY96 for enlisted and FY97 for officers. As of 30 December 1994, the active Army strength was 533,000, which is down 32.8% from a high of 780,000 in 1987.

During this fiscal year, we will separate 1,266 officers, 120 warrant officers, and 4,600 enlisted soldiers under two voluntary separation programs: Voluntary Separation Incentive and the Special Separation Benefits. Additionally, another 200 enlisted soldiers will separate under the Voluntary Early Transition (VET) program. Our voluntary separation programs have been very successful over the course of the draw down and have significantly reduced the requirement for involuntary separations. Thus far we have avoided a Reduction in Force for our junior officers and noncommissioned officers.

Our involuntary separations have primarily targeted retirement eligible officers in the grades of lieutenant colonel and colonel. In January 421 officers were notified and will retire this summer.

Finally, for our mid-grade personnel, we have capitalized on the Temporary Early Retirement Authority you provided and plan to separate 698 officers, 120 warrant officers and 6,200 enlisted soldiers who volunteer for this program.

**Army National Guard (ARNG) and
United States Army Reserve (USAR)
Draw Down**

The Army National Guard is on track to meet its end strength of 367,000 in FY 98. Our goal during the draw down is to reduce strength while maintaining acceptable levels of readiness. Even though personnel strength declined in FY94, management of soldiers assigned to inactivating units was successful. The National Guard placed 7,126 of these soldiers into other Army National Guard units.

The United States Army Reserve is on track to meet its end strength objective of 208,000 at the end of FY 98. During FY 95, in order to meet downsizing requirements, certain categories of soldiers will be separated from the USAR. Unit members of Selected Reserve who have to be involuntarily separated are authorized transition benefits. For active duty members of the Selected Reserve, Voluntary Separation Incentives are offered prior to the use of involuntary means. All separations are carefully orchestrated to target overage categories and to maintain equity of treatment within the Selective Reserve. The Army Reserve Transition Benefits Programs continue to be very successful tools in drawing down and reshaping the force to meet the Army Reserve FY 98 end strength.

CIVILIAN PERSONNEL

The Army's civilian manpower program has reduced from 403,000 in FY89 to 280,000 in FY94. End FY95 is projected to be at 270,000. By end FY96, there will be an additional reduction of 13,000 personnel bringing us to 257,000. The Army's civilian workforce is projected to continue to decline through FY01 to about 232,000.

The Army is downsizing the civilian workforce using the National Performance Review objectives for streamlining that include both quantitative and qualitative aspects. . The quantitative portion addresses overall reductions to the civilian workforce, reducing the supervisory-employee ratio and reducing senior grades. The qualitative objectives include empowering employees, delegating authority, and improving accountability.

The Army has recently revised its civilian resource projections for FY95 through FY01. This change is driven by the recognition of the need to reduce infrastructure and its

costs, and employment level limitations in the Federal Workforce Restructuring Act of 1994. Prior to the FY96 President's Budget, civilians were managed by funded workload and budgeted end strength targets. Management under Full Time Equivalent (FTE) limitations is a significant change in management philosophy on civilian resources.

The Army has actively participated in the Voluntary Separation Incentive Program (VSIP) since its inception. During FY94, nearly 4,400 employees were released through the use of VSIP and an additional 4,500 and 2,600 respectively, are projected during FY95 and FY96. The use of VSIP and other drawdown tools will be key to the Army civilian workforce reductions and achieving geographic, job skill, and grade balance.

ACCESSIONS PROGRAMS

Regular Army

Even though we are reducing our mid-grade and senior personnel, we must continue to attract and retain junior personnel, both officer and enlisted.

I am proud to report that the United States Army Recruiting Command achieved its FY94 Active Component accession mission of 68,000 while maintaining our high standards. Ninety-five percent of all incoming active component soldiers had a high school diploma or higher and 70% tested in the top 50% category on the Armed Forces Qualification Test (AFQT). We took in only 1.9% from the lowest AFQT category. Looking at this year, we are again on schedule to attain mission, while maintaining our quality marks.

However, the future continues to be a significant challenge for a variety of reasons. First, American youth seem less inclined to enlist than they did a few years ago. In the recruiting business we call this "propensity" and we measure it through a series of surveys known as Youth Attitude Tracking Surveys or YATS. Propensity to enlist now is the lowest it has been in ten years. It has fallen 39% among 16-21 year old males from FY91-FY94. This means our field recruiters must work harder than ever to convince a young man or woman to enlist. We are conducting additional surveys to determine the reasons for the decline in propensity.

Declining propensity would not, in and of itself, be a major problem, were it not for a second factor that cannot be ignored. Now that we are reaching our steady state of 495,000, we must access to replace every loss which will result in an increase to our enlisted accessions. As a result, our enlisted accession mission will average about 90,000 over the next five years. That represents a 29% increase from this year's mission of 70,000.

To meet this challenge we are adding another 350 field recruiters to the force by July 1995. The number of field recruiters was significantly reduced in past years and this is only a partial return to our pre-drawdown recruiting force. Secondly, we are relying on advertising to get the word out to America's youth that we are still open for business. Our advertising budget of \$70 million is the minimum that we must have to accomplish our mission in FY 96. Finally, we have some low cost means to assist our recruiters. For example, the Hometown Recruiter Assistance Program assigns outstanding junior soldiers fresh from basic training to their hometowns for a 10-day period of time to assist recruiters.

We appreciate the support that Congress has provided to our recruiting effort over the years and ask for your continued support as we plan for the significant challenges of FY96 and beyond.

Army National Guard (ARNG) and United States Army Reserve (USAR)

The Army National Guard (ARNG) achieved 88% of its FY94 recruiting objective and did not meet its quality goals. Higher than anticipated manning levels in the first half of the fiscal year caused a budget crisis. Funds were reprogrammed from recruiting and retention bonus programs to pay the force. This year we are ahead of schedule in meeting our ARNG accession goals of 60,600. In fact, we exceeded our accession goal for first quarter FY95 by accessing 12,270 soldiers against a mission of 12,075. The ARNG recruiting objectives are projected to decrease to 55,800 in FY96. Manpower and dollar resources are sufficient to achieve these.

The United States Army Reserve (USAR) achieved its accession and quality goals for FY94, enlisting 49,000 new soldiers, of which 95% were high school graduates. However, the FY 95 mission of 52,000 will be challenging. The USAR missed its first quarter mission by 1700 accessions. The combination of declining propensity and reduction in Active Guard and Reserve (AGR) positions is contributing to the problem. We are working closely with the Chief, Army Reserve to turn this situation around.

RETENTION

As a final note on a closely related subject, we are meeting our retention goals across all components.

OFFICER ACCESSIONS

Our officer accession program, specifically the Reserve Officers Training Corps (ROTC) is a matter of concern. ROTC is our largest source of junior officers. Additionally, we rely on it to produce officers for both active and reserve components. Similar to our enlisted recruiting challenges, ROTC is experiencing a decline in propensity, which translates into a decrease in enrollment and commissioning. Last year's increase in the ROTC cadet stipend, the first in 20 years, was a positive move towards correcting this problem. This year, we are reviewing increasing the stipend. We will continue to pursue all available internal options to commission sufficient numbers of officers, but Cadet Command is challenged to meet our requirements.

OFFICER MANAGEMENT

As we draw down, we are reviewing our officer requirements. We were heartened by your action last year in granting relief from the DOPMA limitations on our field grade force. However, we were disappointed that it was only temporary. We are working with the other services and the Department of Defense on an overall review of officer requirements with the goal of producing a comprehensive DoD package requesting permanent adjustments to DOPMA.

MILITARY COMPENSATION

This is one of the most frequently asked questions I hear in my travels about the Army. This is always the toughest issue to deal with - how to be fair to soldiers and fair to the taxpayer. I believe, and I think most Americans do also, that these young men and women, who serve in America's Army from Macedonia to the Korean DMZ, should be adequately compensated. Indeed, soldiers must be paid

fairly and believe that they are being paid fairly, or they will never join us, or if they do, they will leave as soon as can. Military life is rigorous. The pace of operations is increasingly more demanding to expect volunteers in sufficient numbers when the pay is inadequate. The Army leadership and I understand the fiscal constraints under which you operate. However, in the long term, we cannot ask soldiers to sacrifice too much or we will begin to lose our quality force, which is our real edge in today's uncertain world.

QUALITY OF LIFE

As we downsize the Army, it is imperative that we maintain quality of life programs for our soldiers and family members. These programs are directly linked to readiness through high morale and retention of quality personnel. The downsizing of the Army has created added stress on soldiers and family members. The programs which provide fitness, recreational, social, educational, and family support enhance the working and living conditions of soldiers and family members on Army installations throughout the world. We must continue to care for our soldiers and family members both at home and overseas. We must not neglect our soldiers and family members and we ask for your support in continuing to provide essential quality of life programs.

SENIOR SERVICE COLLEGE

As you know, there has been some discussion on the correct size of our classes for our various Senior Service Colleges. We remain convinced that the current mix is correct. Graduates of these schools are a force multiplier that allows a more efficient and effective use of our

limited assets. As the world becomes a more unstable place, it is imperative that our senior officers have a solid grounding in professional military education.

WOMEN IN THE ARMY

We have been increasing the opportunities for women across the Army. They represent 13% (70,070) of the Active Army, 21.9% (49,614) of the Army Reserve and 8.0% (31,324) of the Army National Guard. As a result of the new Secretary of Defense policy on the assignment of women, 91% of all Army career fields and 67% of all Army positions are now open to women. Women are now authorized in 87% of the enlisted military occupational specialties, 97% of the warrant officer specialties and 97% of the officer specialties. Between April 1993 and October 1994, the new assignment policy review resulted in 41,699 additional positions being opened for the assignment of women. In my travels around the Army, I have not encountered any major problems with this new policy.

CONCLUSION

Our Army has accomplished a great deal over the past few years. Our draw down is about complete. We are now about to reach a steady state environment. You and I care deeply for the American soldier. Our soldiers are the best in the world. Working together, I believe we will maintain that status.

Thank you again for the opportunity to appear before the Committee and I shall gladly answer any questions you may have.

Mr. DORNAN. Thank you, General. General Christmas.

STATEMENT OF LT. GEN. GEORGE R. CHRISTMAS, MARINE CORPS DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS

General CHRISTMAS. Mr. Chairman, with your permission, I have a written statement that I would like to submit for the record, and equally to send you my overall posture statement as the new Director for Manpower and Reserve Affairs for the Marine Corps, and make just some very brief remarks to you this morning.

Mr. DORNAN. Thank you.

General CHRISTMAS. I think, Mr. Chairman and subcommittee members, you know that the Marine Corps mission is one of global presence; simply support our national interests. To accomplish this mission we regularly deploy. It is what we do.

Simply, we are deployers. I think that's important for everyone to understand. As an example of our 107,000 Marines who are on operating forces as of this morning, there are 25,000 of them deployed overseas, either aboard naval ships with amphibious ready groups and Marine expeditionary units or deployed in places such as Okinawa.

To accomplish this mission as deployers, we measure our deployment time and the time away from home by using DEPTEMPO or deployment tempo. It is our measure because it is the measure that looks at what we do best.

It is the measure of the percentage of the time the unit, or an element of that unit, is away training or operating for a period that is greater than 10 days. We prefer that our DEPTEMPO be less than 50 percent. That is both its training as well as its schedule worldwide forward deployed mission. At present, gentlemen, Marine Corps-wide, our current rates are manageable within our service personnel and assignment policies.

As you noted, Mr. Chairman, and I think this is a perfect example, the Second Marine Division which General Jones represents, in fact, is above that 50-percent mark right now. This has come by the fact that numerous contingencies have occurred in their area of responsibility; therefore, causing them, in this case, to be above the normal deployment tempo that we keep.

Equally, the impact of current DEPTEMPO on recruiting, retention and attrition has not yet been a problem for the Marine Corps. Although I will tell you that we watch these very carefully because they are, to us, three very key indicators.

The Marine Corps is the first service to reach the Bottom-Up Review base force. I must emphasize that retaining the assigned in-strength of 174,000 active Marines, 42,000 selective reserve Marines, and 18,000 civilians is critical to meeting the requirements that we have been given by the Nation.

Very simply, that is to meet the essential peacetime operations and the CINC war fighting requirements and stay within that 50 percent or stay below that 50 percent DEPTEMPO.

The recent contingencies that we have all faced over the last few years as services have, in fact, caused us to be above what that normal plan was for that total force. We are now focusing our efforts to maintain, shape, and sustain this integrated total force.

Mr. Chairman, I would just say that the Marine Corps is well aware of our reason for being and that is to fight and win. Equally, we know that you expect us to be the most ready when the Nation is generally least ready.

I assure you that your total force Marine Corps takes that obligation very seriously. I look forward to your questions. Thank you.

[The prepared statement of General Christmas follows:]

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STATEMENT OF
LIEUTENANT GENERAL GEORGE R. CHRISTMAS
UNITED STATES MARINE CORPS
DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS
BEFORE THE
SUBCOMMITTEE ON MILITARY PERSONNEL
HOUSE NATIONAL SECURITY COMMITTEE
14 MARCH 1995
CONCERNING
PERSONNEL OPERATING TEMPO

NOT FOR PUBLICATION UNTIL
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INTRODUCTION

Mr. Chairman and members of the subcommittee:

I am pleased to appear before you today to discuss the Corps' personnel operating tempo and its affects upon recruiting, retention, and attrition. In this, my first year at the helm of Marine Corps manpower, I have been privileged to preside over the fulfillment of a well-organized, deliberately executed force reduction, that satisfies the force structure guidelines imposed by the Bottom Up Review and results in the leanest Marine Corps our nation has seen in over thirty years. I am even more pleased to announce that we achieved this milestone without compromising our expeditionary character or the flexibility to adapt to varied and changing requirements which allow us to take up the fight whenever and wherever needed.

The Marine Corps, like its sister Services, is adjusting to operating in a new environment -- an environment characterized by sustained world-wide, forward deployed, requirements; diminished resources; and a host of challenges spawned by a new world order.

The challenges we face as an institution are not limited to the technical or tactical facets of our profession of arms. One of our emerging challenges is the impact of increased and sustained operating tempo in this new world order. I would like to take a few moments now to address the impact of this increase in our operating tempo upon recruiting, retention, and attrition.

PERSONNEL OPERATING TEMPO

The Marine Corps mission encompasses the requirement to provide a global presence that supports our national interests. We accomplish this task by regularly deploying portions of our operating forces -- "it's what we do." Marines are deployers. Our deploying units rotate through cycles that involve building the unit, training it to the highest standards, and then deploying it, usually as part of the Navy-Marine Corps team in support of our nation's Unified Commanders in Chief (CINCS) world wide.

The rate at which we deploy can be evaluated by addressing unit/personnel activity levels. The Marine Corps uses the following terms and definitions to describe these activity rates:

PERSTEMPO - The percentage of time in a given annual period that an individual supports operations or training away from his or her barracks, home base or station for a period of time greater than 24 hours; to include unaccompanied Fleet Marine Force (FMF) duty assignments and Temporary Additional Duty (TAD). The Marine Corps does not routinely track personnel tempo.

OPTEMPO - The level of operations and training over time. Common measurements include flight hours, track hours/vehicle miles, ship steaming days, ammunition expended, etc.

DEPTEMPO - The percentage of time in a given annual period that a unit, or element of the unit, supports operations or training away from its home base or station for a period greater than or equal to ten consecutive days.

To capture that activity - deployment time and time away from home - which has the greatest impact upon naval expeditionary forces, *DEPTEMPO* is the measure we prefer to use.

Because we are expeditionary, and are forward deployed year round, the amount of time our battalions, squadrons, and detachments spend at sea and in the field is an indicator of unit and community activity. Those deploying battalions, squadrons and detachments are considered the base units in measuring the amount of deployed time. Maintaining an end strength of 174,000 active force level enables the Marine Corps to conduct essential peacetime operations and meet CINC warfighting requirements while preserving *DEPTEMPO* below 50 percent. A *DEPTEMPO* of greater than 50 percent is viewed as excessively high since it equates to Marines being deployed from home stations for more time than they are home, and cannot be sustained over time. The strain on families and demands of equipment maintenance resulting from such excessive *DEPTEMPO*, especially if it becomes routine, is a line in the sand beyond which we would prefer not to go.

The Marine Corps closely monitors unit deployments. *DEPTEMPO* is driven by operational commitments. On average, infantry battalions, and the elements that support them, are deployed approximately four to six months a year. These rates reflect deployments for training and scheduled world wide forward presence missions. Unanticipated operational commitments (i.e. Haiti, Cuba, Persian Gulf and Bosnia) cause unscheduled deployments,

extend scheduled deployments, and disrupt training cycles. These crisis response deployments are not budgeted for in the Marine Corps total obligated authority.

We cannot forecast how future contingency operations will affect our DEPTempo. However, the recent level of unplanned operational deployments have increased the DEPTempo of units in all of the FME (ground combat, aviation combat, and combat service support forces) rather than just any particular community.

Although some units and communities have experienced higher than normal deployment rates, we feel that, Marine Corps wide, current rates are manageable within Service personnel and assignment policies.

As previously indicated, the Marine Corps does not routinely track individual personnel operating tempo to determine the impact our unique service has on Marines and their families. We use other means, however, which better capture tempo in a Force designed to continually be forward deployed and expeditionary. First, within our manpower process, we use attrition and retention to capture the impact our DEPTempo has on our Marines' behavior. Deficiencies are identified and adjustments are made by managing the force structure and personnel inventory. In spite of the recent surge in contingencies, we met our FY94 first term retention goals with the best skill match in recent history and we are well on the way to reaching our FY95 goal. Our career retention goals are also being met.

A second means to identify the impact of our tempos upon an individual Marine, is to monitor accumulated deployed time (ADT). We track ADT to facilitate equitable treatment within the manpower assignment process. ADT is used to represent the individual Marines' total time in days deployed while assigned to an FMF unit. ADT is tracked to credit Marines' for their accumulated time spent in a deployed status as it affects their availability for permanent change of station to overseas assignments. A Marine who has accumulated an adequate amount of deployed time is assigned an Overseas Control Date (OCD). The monitors (personnel assignors) refer to a Marines' OCD to determine who should be next in the queue for assignment to an overseas tour. The Marines with the oldest OCDs are considered first for this type of assignment.

ADT entries are made into our Manpower Management System (MMS) database whenever a Marine, as a member of an FMF unit, deploys for a period of at least 10 consecutive days. If an entry is for 270 or more continuous days deployed, or a Marine's cumulative ADT totals at least 365 days, an OCD is automatically established. Marines who complete two deployments of at least 5 months duration each during continuous FMF tours will receive credit for a new OCD effective on the date of return from the second 5 month or more deployment.

Our experience has shown that 6 month overseas deployments are "about right." These include units afloat with Amphibious

Ready Groups (ARGs) and the Unit Deployment Program (UDP) to Japan. We have found the UDP increases our manning levels within units while minimizing turbulence; and that the time spent at home between deployments is a function of force structure and unscheduled commitments.

To keep our finger on the pulse of exercises and operations, we have established operational reporting requirements which include daily combat/exercise situation reports (SITREPS) from operationally deployed units. Marine Expeditionary Units (MEUs) Special Operations Capable (SOC) provide pre-deployment reports and weekly SITREPS once they are deployed. Marine Forces current operations reports are submitted semi-weekly, and weekly operations summaries are presented to the Commandant and external agencies.

DEPTempo was first measured in 1991 during the Commandants' force structure review. Since that time, we conducted an infield census of FY93 unit deployments during FY94. Currently, we are fielding the Marine Corps Training Exercise and Employment Plan (MCTEEP). This system will support the planning and scheduling of training, exercises, and deployments. MCTEEP is a management tool which will assist commanders in budgeting and managing resources. MCTEEP provides decision and planning support for all echelons beginning at the battalion and squadron levels and will aid us in tracking DEPTempo. We expect to begin collecting complete data within one year.

RECRUITING

Recruiting continues to be a challenge and although we are making FY95's accession requirements, we are **falling short with our contracting goals**. Through February we are well over 1500 contracts behind our annual plan. Our contracting levels in FY95 will determine the size of our delayed entry program (DEP). Unless contracting levels improve, we will enter FY96 with a DEP, or "start pool", at a level below the desired 55 percent. With a smaller start pool and accessions increasing by over 600, next years' accession requirements will be more difficult to meet.

We continue to hold the line on quality, but it is becoming increasingly difficult. Although we are still exceeding quality standards, our education and upper mental group percentages are slipping. **Quantity at the expense of quality is a false economy**. Consequently, we must aggressively counter any suggestions to reduce our current standards.

Recruiting is more difficult than ever for a variety of reasons. With the drawdown over, our accession requirements are increasing. At the same time, we face **adverse market conditions**. Propensity to enlist and awareness remain low and our target population is only now beginning to slowly regrow from the demographic trough.

We face increased competition for a relatively small market. College enrollment is up. Unemployment is at its lowest level

since 1990 and is expected to remain below 6 percent for the remainder of the decade. With AmeriCorps and the presidential proposal for post-secondary education tax deductions, potential applicants seeking money for college have more options to consider.

Finally, as the size of our delayed entry program continues to shrink, we are forced into direct market recruiting. This requires greater recruiter effort at greater expense and has a lower pay-off in terms of higher attrition and lower quality. While it is not a factor currently, high personnel tempo could also effect our recruiting effort, although indirectly. If attrition rates were to climb because high PERSTEMPO was not held in check, further increasing accessions is the only alternative to maintaining end strength. Such an added burden could be detrimental to readiness.

The Marine Corps is meeting the recruiting challenge in a number of ways. First let me stress that we are very appreciative of the \$6.6 million plus-up to our FY95 recruiting and advertising budget. The money was used to produce a new female advertising campaign, to increase minority officer advertising by 50 percent, and to begin developing a replacement for the aging "chess" commercial. Concurrently, we have undertaken a series of internal initiatives.

We have rephased our annual accession plan to take advantage of the normal recruiting cycle and the profile of our delayed

entry program. Our enlistment incentive programs have been increased and repositioned to better support the more difficult months of February through May. We are also taking advantage of the prior service market to fill both first term and career force openings. Our recruiting command has been given the flexibility to exceed their annual female accession goal. Finally, we are attempting to provide our recruiting force with increased manpower through various recruiter support programs. The Marine Corps most potent answer to an unpredictable and potentially turbulent world is still the individual Marine. A top priority, therefore, is to continue to recruit many of the Nation's finest young men and women. To do so, the Marine Corps remains committed to strong and adequately resourced recruiting programs.

RETENTION

From a strictly "numbers" perspective, there is not a retention problem in the Marine Corps at the present time. The focus of our reenlistment policies is ensuring commanders have the right Marine by skill and experience.

However, I remain concerned that the drawdown has changed the mind set of Marines to think harder about reenlisting due to the frequency and duration of family separation engendered by continued high levels of deployment tempo.

We are concerned that the drawdown may be masking a retention problem that has not yet become apparent. There is always a lag effect in quantifying the effects of both negative and positive forces at work on the inventory. The drawdown and its rather steep reduction slope has created substantial overages in the career force. To correct these overages, we declined to effect a reduction in force (RIF) with its resultant negative effects on morale, and the retention of our best Marines. We opted, instead, to use VSI/SSB sparingly, offering the programs to Marines in obsolescent skills and skills with severe overages. The remainder of the career force reduction is being effected by natural attrition. Where Marines do not leave voluntarily our Enlisted Career Force Controls Program (ECFC) cause the involuntary separation of career Marines who, generally, have become non-competitive with their peers. Marines passed over for promotion or who have reached service limits are the most affected.

Personnel tempo and other quality of life concerns obviously impact upon retention in the form of reenlistment rates. It is extremely difficult to quantify accurately these behavior related variables. In fact, the data to date indicates that there is no retention problem.

A good indicator of the relative desirability of military service is the reenlistment rate. The reenlistment rate quantifies the decision of the individual Marine who is recommended and

eligible for remaining in the Corps. It is an overall indicator of all the factors which contribute to the reenlistment decision.

With the advent of the Marine Corps' Enlisted Career Force Controls Program in FY91, we have allowed only first term Marines to reenlist who are needed to fill a career force requirement. During FY94 our cumulative first term reenlistment rate was 19.3%. The Marine Corps reached 100% of its first term reenlistment goal by total number. The reenlistment fill mix by skill was 95.23%. Our FY95 first term reenlistment rate projection is 19.4%. Preliminary indications are that we will meet our first term reenlistment goal by total number and skill mix.

The career reenlistment rate has remained relatively stable given the draw down. The decline in the career reenlistment rate over the past several years was induced by policy changes necessary to meet end strength targets and the changing force structure requirement.

The Marine Corps does not specifically goal career reenlistments. Our force management philosophy is such that once a Marine reenlists for the first time and enters the career force, that Marine can continue to reenlist as long as retention standards are met. We generally expect a career reenlistment rate of 70-75%. In FY94 the cumulative career reenlistment rate was 73.6%. As of 28 February 1995, the career reenlistment rate for FY95 was 76.1%.

Marine Corps reenlistment rates indicate we are meeting our retention goals. We attribute the slight decreases in reenlistment rates over the past several years to the drawdown and force structure changes. Having achieved our prescribed base force level at the end of FY 1994, we have shifted our focus from meeting end strength goals to satisfying the grade and skill requirements of our force. We will rely heavily on our Enlisted Career Force Controls (ECFC) Program to manage retention.

The ECFC Program is a comprehensive package of policies that is designed to shape our inventory of Marines by grade and occupational specialty to meet prescribed requirements, while striving to provide an equitable promotion opportunity for all Marines. We accomplish this by actively managing promotion and retention of our enlisted Marines. The retention and promotion policies of the ECFC are designed to allow us to retain and promote only quality Marines.

Part of the ECFC Program is our First-Term Alignment Plan (FTAP). The FTAP ensures that only Marines with skills necessary to meet our career force requirements are allowed to reenlist. Marines otherwise eligible for reenlistment whose skill is not needed by the career force are encouraged to make a lateral move to a new skill. For those who don't reenlist, we encourage continuing their career in the USMC Reserves.

In FY 1992, significant refinements were made to the ECFC Program. These changes included the establishment of variable promotion opportunities based on individual skill promotion tempo, and an up-or-out promotion policy for enlisted Marines in the grades of E-5, E-7, E-8, and E-9. These refinements enhanced our ability to ensure the time-in-service goals for each grade are met. During FY 1994, another refinement was made to the up-or-out promotion policy. Staff sergeants (E-6) who twice fail selection for promotion, will be separated at the end of their current enlistment contract. Staff sergeants passed for promotion the second time in FY 1996 will be the first Marines separated under this new policy. This policy change will significantly improve promotion tempo for Marines in the grades of sergeant and below, while still providing an average promotion opportunity of 75 percent to gunnery sergeant (E-7).

Due to our aggressive force management actions, the Marine's time-in-grade decreased by 12% last year. We will continue to seek new and innovative ways to retain the quality of our enlisted force, while providing enhanced career opportunities for all Marines.

ATTRITION

Since the beginning of fiscal year 1992, the Marine Corps has experienced higher first-term attrition than recent force behavior indicated. We attribute much of the first-term attri-

tion increase to the effects of the drawdown where many young Marines began to perceive that their career potential in the service was much less than expected before the drawdown. Now that the drawdown is over for the Marine Corps and after much command attention, **we are seeing signs that the first-term attrition rates may be returning to pre-draw down numbers.**

We have taken the following measures to reduce all attrition throughout the entire Marine Corps:

-- A CMC White Letter has been distributed apprising the entire Marine Corps of the attrition problem and directing commanders to review their internal policies and take actions to reduce attrition where feasible.

-- Process action teams have been monitoring recruit attrition variables to track attrition.

-- I have made visits to recruit training depots for discussions with depot commanders regarding recruit attrition.

Recruit attrition increased significantly from 10.9 percent in FY92 to 13 percent in FY93 and has remained in the 12 percent range for the past two years. While recruit attrition was even higher in the early 1980s, the present attrition rate levels are occurring after the scrutiny of the 1980's when we reviewed and revised training with one of the goals being reduced recruit attrition.

Recruit training is where about a third of our first-term attrition occurs. The Marine Corps is devoting significant

resources toward reducing recruit training attrition, both male and female. Recent and ongoing efforts include reviewing and adjusting the recruit training syllabus to allow for more recovery time between physically strenuous events, conducting sports medicine studies and consultations with the Naval Health Research Center in San Diego, and complete reviews of recruit training policies by the Commanding Generals, MCRD Parris Island and MCRD San Diego.

We have resisted the temptation to choose and implement a recruit attrition ceiling. Attrition can be attributed to several factors which are not always within the direct control of the services. As previously stated, higher recruiting missions coupled with economic variables, national feeling toward the military and serious budget austerity all affect whom we recruit and how long we can prepare applicants for recruit training.

CONCLUSION

The Marine Corps mission encompasses the requirement to provide a global presence that supports our national interests. The Marine Corps accomplishes this task by regularly deploying portions of its operating forces -- "it's what we do." To capture that activity - deployment time and time away from home - which has the greatest impact upon naval expeditionary forces, DEPTempo is the measure we prefer to use.

We can support a structure that preserves DEPTempo at less than 50 percent. This rate reflect deployments for training and

scheduled world wide forward presence missions only. The result is a Fleet Marine Force (FMF) with a scheduled DEPTempo that doesn't exceed 50 percent. Unanticipated operational commitments (i.e. Haiti, Cuba, Persian Gulf and Bosnia) that cause unscheduled deployments and extend scheduled deployments are not included in this planned deployment rate. Although some units and communities have experienced higher than normal deployment rates, we feel that, Marine Corps wide, current rates are manageable within Service personnel and assignment policies.

In the recruiting arena, missed contracting goals are of concern because they create a predicament for future recruiting. To continue meeting accession goals in FY95, the Marine Corps must rely more heavily on recruiting from the tough direct market. At the same time, we must rebuild our Delayed Entry Program pool to gird for the higher recruiting missions in FY96 and FY97.

The recruiting challenges we face are numerous. Nonetheless, with a trimmer Marine Corps, and continual technology advances, our Marines must remain talented and versatile. Consequently, quality recruits are more critical than ever. High quality recruits mean better performance and less attrition. As a priority matter, therefore, we will maintain our high quality standards.

From a strictly "numbers" perspective, there is not a retention problem in the Marine Corps at the present time. The

focus of our reenlistment policies is ensuring commanders have the right Marine by skill and experience.

Personnel tempo and other quality of life concerns obviously impact upon retention in the form of reenlistment rates. It is extremely difficult to quantify accurately these behavior related variables. In fact, the data to date indicate that there is no retention problem.

Now that the draw down is over for the Marine Corps and after much command attention, we are seeing signs that the first-term attrition rates may be returning to pre-draw down numbers.

The Marine Corps is the first Service to reach its Bottom-Up Review Base Force. Retaining the end strength of this Force of 174,000 active duty Marines, 42,000 Selective Reservist, and 18,000 Civilians is critical to meeting the requirements the Nations expects us to fulfill. We are now focusing our effort to maintain, shape, and sustain this force.

Subject to your questions, this concludes my remarks.

Mr. DORNAN. Thank you, General. Admiral Bowman.

**STATEMENT OF VICE ADM. FRANK L. BOWMAN, NAVY CHIEF
OF NAVAL PERSONNEL**

Admiral BOWMAN. Thank you, sir. Mr. Chairman and distinguished members of this subcommittee, I am also very happy to appear before you today to discuss this very important issue of personnel operating TEMPO.

Mr. Chairman, likewise, with your permission, I would like to submit a statement for the record specifically addressing operations TEMPO and a broader posture statement.

The amount of time our sailors spend away from home at any one time is a very important factor; one that directly affects our readiness and their quality of life. Limiting the length of time of these forward deployments has gotten harder as the Navy has gotten smaller.

With very few exceptions, we have been successful at holding this total time away from home port at 6 months. As Admiral Tracey discussed in her testimony, keeping deployments to a reasonable length is only a part of the problem and part of the battle.

We must also make sure that our sailors have adequate time in home port between deployments to make sure they have some quality time with their families and have time, frankly, to just recharge their batteries.

Getting underway again too soon, even for a few days, takes precious time away from families and works our sailors harder than we had planned to. We also worry about the total time spent at sea when our sailors are assigned aboard ship. It is these three elements, time from port-to-port on the long deployments, turnaround time back in home port before the next long deployment, and total sea time that our PERSTEMPO goals are all about.

The goals we worked toward include: first, no more than 6 months from port-to-port on these long deployments; second, no less than two times the length of that deployment back in home port before the next deployment; third, no more than a total of 50 percent time underway while assigned to a ship.

As the Chief of Naval Operations recently testified, and you alluded to earlier Mr. Chairman, we have already taken several steps to ensure that we meet these goals. The first step was to decrease the number for forward deployers.

I think we did this prudently, taking care not to reduce our ability to meet the minimum requirements of the Unified Commanders-in-Chief. During the cold war, we routinely deployed two carrier battle groups to meet the established needs of the Commander-in-Chief of the European Command [CINCEUR].

Generally, these battle groups deployed with a carrier, about nine surface ships and several support ships. Today, because of the reduced threat and the greatly increased capability of our *Aegis* class cruisers and destroyers, one forward deployed carrier group is in CINCEUR's AOR, and that only about three quarters of the time with fewer escorts and fewer support ships. The second step that the Chief of Naval Operations has instituted was to take a hard look at how we train for these deployments.

By tailoring our training to probable missions rather than to every possible mission, we have been able to add about 19 days to the average ship's time in home port between major deployments. We have also begun looking at training that can be conducted in port rather than underway and doing it in port.

Finally, we think we are going to save some transit days at sea by combining multiple underway training periods into one larger underway training period.

Our third step, which has just been undertaken in the last couple of months, is to reorganize the Atlantic and Pacific fleet surface forces to create smaller more specialized squadrons.

This will improve continuity of command making it easier to implement our revised training plans. This is just another way of providing maximum forward presence with a smaller force that we are forced to do today.

For fiscal year 1996, we have taken action to retain some additional ships. We will seek to keep several more in the out years to reach the Bottom-Up Review, Mr. Skelton you spoke of force structure of 346 ships into 1999.

In combination with the training and organizational changes that I discussed above, these actions will enable us to execute the key missions assigned by our unified CINC's, meet our PERSTEMPO goals, and, we think, enhance our sailor's quality of life.

In summary, I want to assure you that our Navy is ready today. That by keeping the necessary people programs in place, we will remain ready in the future. To that end, I would just ask for your continued help with our recruiting efforts as General Stroup pointed out in what has become a very challenging marketplace.

I would also ask for your continued support to these quality of life programs, the key to retaining our very best sailors in the fleet.

I thank you, again, for the opportunity to appear. I am ready for your questions, sir.

[The prepared statement of Admiral Bowman follows:]

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SECURITY COMMITTEE

STATEMENT OF
VICE ADMIRAL FRANK L. BOWMAN, U.S. NAVY
CHIEF OF NAVAL PERSONNEL
BEFORE THE
PERSONNEL SUBCOMMITTEE
OF THE
HOUSE NATIONAL SECURITY COMMITTEE
ON
PERSONNEL TEMPO OF OPERATIONS
(FY96 POSTURE STATEMENT)
14 MARCH 1995

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE NATIONAL
SECURITY COMMITTEE

I. INTRODUCTION

Mr. Chairman, members of the subcommittee, thank you for the opportunity to discuss significant issues relevant to the Navy's Manpower and Personnel Program for Fiscal Year 1996 (FY96).

The Navy continues to move forward to shape the force that is needed today—and will most certainly be needed tomorrow. At the heart of our great Navy are men and women from every walk of life and segment of our society. Sailors, our most treasured asset, are the foundation of the Navy's ability to respond rapidly and decisively around the globe, wherever our nation's interests dictate.

The professional development and Quality of Life of these Sailors are my primary responsibilities as the Chief of Naval Personnel. It is a fundamental truth that no weapon system, no matter how technologically advanced, can be any better than the people who operate and maintain it. We rely absolutely on the honor, courage, and commitment of our Sailors to carry out the Navy's many missions. As a result, it is imperative that we maintain the current high quality of our servicemembers. Without quality people, there can be no quality force.

To that end, we must be able to provide our Sailors with rewarding career opportunities, ensure that they have the highest affordable standard of living, and pay them fairly and adequately. Although our Navy may be smaller than it was during the Cold War, our force will be more high-tech and more capable, and will continue to require high-caliber professionals. Recruiting and retaining the best and brightest men and women available are key to ensuring both current and future readiness to protect national security interests.

II. FOCUS ON THE FUTURE

I come before you today with a different message than the one you have heard for the last five years; it is the same message I have been giving the Sailors whenever I visit the Fleet.

The first part of this message is that the Navy is coming out of the downsizing process. By October 1995, downsizing will be 75 percent complete. As we enter the final 25 percent of the drawdown, it is crucial that our force-shaping tools now be used to support retention of the force of the future. We must shift our emphasis from encouraging some good Sailors to leave the Navy to ensuring that the best of them stay Navy. Career planning and retention efforts have moved to the forefront of our day-to-day activities.

The second part of my message is how we must create the right professional environment so we can make the most of our Sailors' capabilities. In order to retain our best men and women, we must provide a workplace afloat and ashore that is, quite simply, harassment- and discrimination-free. As we strive to create a Navy that will reflect the gender and ethnic make-up of the nation at the turn of the century, ensuring that our Sailors are treated fairly and with dignity wherever they serve is essential to future readiness.

By focusing our attention and efforts on the Navy of the future, looking beyond the end of the downsizing, we can avoid the mistakes of the early and mid-1970's that resulted in the "hollow force"—a force that took so much time, effort, and money to rebuild.

Avoiding a hollow force is more than simply a question of numbers of Sailors; it is having the right mix of high quality Sailors with the right skills and experience. It is showing our most qualified Sailors and junior officers that they have a bright future with us. It is convincing highly qualified young men and women to enlist in a world-class organization, a

Navy as committed to the future of its members and their families as it is to getting the job done.

We have been able to maintain force readiness, in great part because of the tools Congress has provided us to manage the drawdown. We were able to keep faith with the career force and avoid any forced separations of mid-career personnel before they were eligible for retirement. We were able to increase the resources devoted to recruiting in an environment where the challenge faced by our recruiters in the field grows tougher day by day. And we were able to increase our efforts to improve and enhance the Quality of Life for our Sailors and their families.

We will continue to use the tools provided to shape the career force to meet the Navy's needs in the next century. Our Navy will be one which is a totally integrated, diverse team of Active and Reserve Sailors and civilians. This force will be professionally empathetic, understanding, and respectful of each individual while demonstrating the highest standards of commitment and honor. The Navy of 2010 will be forward deployed in deterrence, always ready to act first to stop wars before they start. It will be a highly educated, high-tech Navy where shipmates are encouraged, mentored, and developed. It will retain the tested traditions of our expeditionary force—full recognition of the authority, accountability, and responsibility of the commanding officer and the chain of command, and the expectation that they will act with intelligent dare and exercise leadership at all times.

III. QUALITY OF LIFE PROGRAMS

In his 1995 Posture Statement, Secretary Dalton said, "The Department of the Navy is committed to providing the best possible Quality of Life for our servicemembers and their families. We remain acutely aware that it is critical to the readiness and well being of our forces."

Our actions in the FY96 program match the Secretary's words. We recognize that one of the keys to current readiness is retention, and the key to retention is Sailors' satisfaction with their Quality of Life. We are moving out smartly to improve the Quality of Life for our Sailors and their families in a wide range of areas. The plan recently announced by Secretary of Defense Perry for a Quality of Life funding increase could greatly assist in improving family and bachelor housing; Morale, Welfare, and Recreation facilities; and child care centers. In addition, it could provide a much needed CONUS cost-of-living allowance and higher quarters allowances.

HOUSING

Navy Housing, for both our families and single Sailors, has been reaffirmed as the Navy's premiere Quality of Life issue. Funding levels for our Neighborhoods of Excellence program have been sustained during FY96 through FY01 at average levels of \$1.2B for family housing and \$332M for bachelor quarters, despite continued overall constraints applied to Navy's budgets. Our housing strategy is to follow a balanced program: take care of the existing backlog of maintenance and repair through revitalization and replacement, as well as establish and fund appropriate investment levels. New construction of family housing is sought only where community assets are unavailable or unaffordable.

Our current maintenance backlog reduction program is in place but will not finish for 10 years. It will take us until FY05 to bring our housing units to a satisfactory state of repair at current funding levels. We will replace over 3,600 units beyond economical repair. Bachelor

quarters construction is targeted toward major Fleet concentration areas and is building toward a capacity to house 200,000 people.

Our goal is to ensure that all Sailors—whether single or married, ashore or at sea—are afforded the same high-quality services and enjoy an equitable level of quality housing.

COMPENSATION

I ask for your support for the basic tools to keep our personnel fairly compensated. It is essential that the entire compensation package remain competitive in order to attract and retain the caliber of people we need. Fully funding the planned 2.4 percent pay raise is a "must" to keep faith with our people; however, even with this percent pay raise over the next five years, some analysts predict the pay raise gap can be expected to grow.

The Navy is considering three proposals which would enhance Quality of Life and improve equity in compensation and entitlements. The first initiative would authorize BAQ for single E6 petty officers assigned to sea duty. This action would improve the Quality of Life for a key group of senior enlisted men and women and ensures that they are treated comparably with other servicemembers of equal seniority assigned ashore. A second initiative would amend the authorizing language for Family Separation Allowance (FSA II) to ensure continued entitlement for members embarked on board a ship (away from its homeport) or on temporary duty (away from the permanent duty station for 30 consecutive days) whose family members chose not to accompany them to the homeport or permanent duty station. The third pay initiative under review would correct a long-standing inequity by authorizing continuous sea pay for all Sailors serving on tenders. With this latter proposal we would recognize the challenge of assignment to a tender as being equal to serving aboard other Navy ships that qualify for continuous sea pay.

COMMUNITY & FAMILY SUPPORT PROGRAMS

MORALE, WELFARE, AND RECREATION (MWR)

Readiness and morale of Sailors and our Navy families depends heavily upon the type and quality of individual, community, and recreational programs and facilities available to them. Robust, relevant, and balanced programs promote retention, fitness, esprit de corps, and personal development.

Historically, Navy has placed fewer appropriated fund resources into its MWR programs than Army and Air Force; however, in FY94 and out years, the Chief of Naval Operations closed the gap by realigning \$65 million in appropriated fund support to Navy MWR. This realignment has enabled us to eliminate most fees being charged to Sailors using basic mission-essential programs and has also enabled MWR to effect some badly needed modernization of facilities.

FY96 funding requests will enable us to continue to close the gap that exists between the level at which Navy's mission-essential (e.g., fitness) and community-support MWR programs are funded in comparison to authorized levels of appropriated fund support. Our objective is to free up non-appropriated funds so we can continue with recapitalization and elimination of fees being charged to Sailors using physical fitness facilities.

Child Development Services, comprised of Child Development Centers and Family Child Care Providers, are included in Navy MWR. Currently, over 10,000 children are awaiting full-time care. We are attacking the problem of reducing the child care waiting list on four fronts.

First, we have obtained funding to test an outsourcing program that we expect to provide an additional 4,900 spaces. Second, we are reviewing a plan to request an additional future 3,200 outsourcing spaces. Third, we identified to Secretary Perry's special Quality of Life panel a proposal to subsidize family child care spaces which we anticipate will help incentivize the current program and grow capacity in the out years by at least 1,000 spaces. Finally, the remainder of the waiting list should be handled through currently programmed MILCON projects. On-base child care is a key ingredient to readiness, particularly at overseas stations and remote sites where no off-base alternatives exist. We now have the capacity to meet only 59 percent of documented requirements for 38,000 spaces, based on DOD standards for children up to 5 years old. Reductions in funding for Child Development Centers must be avoided.

I seek your continued support and commitment to personnel readiness by providing balanced programs to promote physical fitness and ensure the availability of quality off-duty recreation, social, and community support activities for all Navy personnel.

FAMILY SERVICE CENTERS (FSCs)

The Navy's 77 Family Service Centers are a source of major support for single and married Sailors and their families. Our FSCs, staffed by over 1,400 dedicated counselors, educators, and coordinators, now provide over 4 million client contacts annually, crucial support for family members during deployments, and contingency operations support. The return of our Navy families from Guantanamo Bay was coordinated through the five FSCs in the Norfolk area. These FSCs served as the linchpin for communications, stress relief, and essential assistance for these family members, who left virtually all their household goods behind when they were evacuated.

Demands on our FSCs will grow during the next year. Navy demographics indicate that 71 percent of officers and 54 percent of enlisted personnel are married, and that we have over 640,000 family members. FSCs currently offer three types of services and a wide range of programs designed to enhance the Quality of Life for Sailors and their families. Information and referral, classes, and counseling services are offered for each of the core or baseline FSC programs including: Family Education; Individual, Marital, Family and Group Counseling; Mobilization and Deployment Support; Relocation Assistance; Outreach/Command Representative Program; Family Advocacy; Exceptional Family Member Program; Spouse Employment Assistance; Transition Assistance Management; Personal Financial Management; Volunteers and Crisis Response. These vital services are an integral part of the Navy's efforts to give our Sailors and their family members the Quality of Life they deserve.

TRANSITION ASSISTANCE MANAGEMENT PROGRAM (TAMP)

During the past four years, Navy has continued its strategy of building on existing strengths, fully integrating and using all OSD program functions, and taking maximum advantage of other Federal department resources in the area of transition assistance.

In order to provide the best possible transition services to all separating and retiring servicemembers in FY95, Navy has begun several initiatives to ensure full implementation and support of this important program, including use of a Mobile Job Assistance Team (MJAT), which takes the transition program to Sailors on deployment or at overseas sites (such as Japan).

Because Navy has used Command Career Counselors to conduct pre-separation counseling, we are sending these Navy Counselors to transition manager school and implementing TAMP training in the Command Career Counselor course.

Employment assistance for transitioning servicemembers is provided by a staff of professional counselors located at our Family Service Centers (FSCs). Navy currently employs over 260 personnel at 77 sites throughout the world. While transition counselors are trained in all employment and transition issues, their location at FSCs allows full access to all Quality of Life assets useful in helping servicemembers make a smooth transition to civilian life. Services provided include individual counseling and workshops in skills assessment, job search techniques, résumé writing, and interview procedures. TAMP counselors coordinate logistical requirements for the Department of Labor (DOL) Transition Assistance Program (TAP) and help servicemembers access DOD automated employment assistance systems, such as the Defense Automated Employment Referral System (DORS) and the Transition Bulletin Board (TBB). We continue to work with the DOL to maintain the quality of TAPs at all transition sites and we have expanded support of the Department of Veteran's Affairs (VA) efforts to supply VA counselors at overseas sites to include European and Pacific sites.

DOD is currently the sole source of funding for this program, and transition services will still be required when downsizing is complete. Maintaining a global transition program to meet the needs of over 80,000 annual separating and retiring servicemembers is a task requiring the efforts of over 200 full-time TAMP personnel worldwide. Without the necessary resources, it will be impossible to deliver the quality of service our departing servicemembers deserve. We solicit your support of the FY96 budget request which provides the necessary funding.

FAMILY ADVOCACY PROGRAM (FAP)

The Navy is not immune to any of the social problems faced by our society at large. The FAP is another important element of the Navy effort to address the needs of Navy families. FAP services, provided through Family Service Centers (FSCs) and Medical Treatment Facilities (MTFs), include prevention, identification, reporting, treatment, and follow-up of child abuse/neglect and spouse abuse. Intervention efforts focus on both victims and offenders. Increased Congressional interest and support for the current year provided the opportunity to improve prevention efforts by increasing New Parent Support services (our primary prevention program for child abuse) to over 40 installations worldwide, and by providing spouse abuse victim support services and outreach services for youth-at-risk at over 30 installations. We are also in the process of implementing a comprehensive risk assessment model that will significantly improve our ability to manage and evaluate cases and ensure greater safety for victims.

ALCOHOL ABUSE PREVENTION AND TREATMENT

Again as a reflection of American society, alcohol abuse accounts for a large proportion of Navy's accidental deaths. It is the root cause of much Sailor-on-Sailor violence and is strongly connected with suicide, sexual assault, and family violence. It is the single most abused drug for Sailors under the age of 25 and is connected with many safety, health, disciplinary and family problems in the Navy. We have made progress in reducing alcohol abuse and treating alcoholism and have increased prevention efforts through policy initiatives and new educational efforts.

We continue to treat alcoholism. The Navy has some of the finest treatment programs in the world, which return many Sailors to distinguished service—Sailors who, in turn, often

help their shipmates with alcohol problems. Our commitment to prevention and treatment of alcohol abuse and alcoholism is important to improved Quality of Life for Navy members and their families.

VOLUNTARY EDUCATION

Sailors are, in increasing numbers, striving to better themselves through further education. The opportunity to pursue education is reportedly the number one reason young people are enlisting in the military today. Active-duty personnel believe education is an increasingly important factor in selection for career advancement and a requirement for maintaining a quality lifestyle after military service. We are supporting Sailors' pursuit of education through three basic programs: Tuition Assistance (TA), Program for Afloat College Education (PACE), and Functional Skills.

The Tuition Assistance (TA) program pays 75 percent of the cost of authorized courses (not to exceed \$285 for an undergraduate course, or \$395 for a graduate course). As the primary support system for helping Sailors get a college degree, Tuition Assistance is a "win-win" program for the Navy and the country. In fact, the majority of Sailors using TA are the very people we need to retain: mid-level petty officers and junior officers. Demand for Tuition Assistance continues to grow in spite of downsizing, up 5-10 percent so far this year.

Sailors assigned to ships and submarines are offered academic skills refreshers and lower level college courses. The number of Sailors participating in the Program for Afloat College Education (PACE) has increased more than 16 percent. With the PACE II program, Navy is investing heavily in the use of computer interactive video to provide college courses on our ships and at remote shore sites. We have Sailors in Antarctica taking college level courses by this means, connected to instructors via Internet.

Recognizing that we need to reach more Sailors who need to improve their reading, writing, and math skills, we are seeking to individualize our Functional Skills Program. This year we have established two Academic Skills Learning Centers at Little Creek, Virginia, and Jacksonville, Florida. Using self-paced computer course-ware, instruction can be tailored to individual Sailor's academic needs and duty requirements. If these two pilot centers are successful, we plan to establish more learning centers at other Navy sites around the world.

These investments in our Sailors contribute to their personal success, improve their opportunities for promotion and advancement, and enhance overall readiness.

CHAPLAIN CORPS PROGRAMS

Chaplain Corps programs are a key factor in our ability to deliver on our commitment to providing the best possible Quality of Life for our Sailors and their families. The Chaplain Corps plays a vital role in mobilizing the institution with moral leadership, strengthening people through pastoral care, and building community. Chaplains enhance existing support programs, provide unique forms of individual support, and coordinate programs which reinforce the Navy's efforts to maintain high Quality of Life standards. Chaplains are integral to Family Service Center programs, Family Advocacy programs, Casualty Assistance, Suicide Awareness and Prevention, Command Managed Equal Opportunity, Personal Excellence programs and community service programs at home and abroad such as "Sharing Thanksgiving" and "Project Handclasp."

IV. AN ENVIRONMENT OF EXCELLENCE

I mentioned earlier that I am now sending the message to the fleet for our best Sailors to "stay Navy." A large part of encouraging the best of the best to stay with the Navy for a career is creating a professional military environment that enables all members of our Navy family to strive for excellence. Every member of our team has the absolute right to a workplace free from discrimination and harassment.

In our Navy we have made enormous progress toward a culture in which all are accepted for their talent and effort and none are held back because of gender, race, family heritage, or any other reason. The product of these efforts will be an environment of excellence where, as Admiral Boorda said, "every member of our team has equal access to training, to challenging work, to all the things that lead to success."

We want everyone to understand that our Navy is committed to true equal opportunity. We want every person in the Navy to know that our leaders are fully committed to this basic standard. We need all our people to know that they can talk with and trust their leaders—and that, if necessary, they can make formal complaints without fear of reprisal. We want to make our "people program" education and training really useful. We want every person in our Navy to know that success is based on personal effort and accomplishment, and that we're neither advantaged nor disadvantaged because of anything other than that effort and accomplishment.

Creating this environment of excellence for our Sailors will not be easy, but we have made a strong start. Let me review some of our efforts:

SEXUAL HARASSMENT PREVENTION

In the area of sexual harassment prevention, recent data are encouraging; we keep getting better. We need to step up efforts in some areas and refine them in others, but we are moving forward.

Every two years, the Navy Equal Opportunity and Sexual Harassment (NEOSH) survey anonymously measures the perceptions of Sailors Navy-wide about the Navy's Equal Opportunity (EO) climate. Our most recent survey indicates that most Sailors believe the EO climate is positive, that leadership enforces policy, and that training is taken seriously. Rates of sexual harassment incidents are down across the board. The chain of command is fully committed to addressing sexual harassment issues. There is always room for improvement, but we are definitely making progress.

We have put more and better tools in the hands of our commanding officers, the ones who make the program work. We've given them stronger programs and better training, and we're holding them accountable for zero tolerance.

The Navy has developed a comprehensive complaint form that provides detailed guidance for handling equal opportunity/sexual harassment complaints. Required timelines, mandatory appointment of an advocate and feedback to the complainant, investigation requirements, and appeal processes are spelled out clearly and succinctly. This new form addresses many of the underlying problems which caused some of our Sailors to lack confidence in the complaint system.

The Navy's 1-800 line for Sexual Harassment Advice and Counseling continues to provide valuable information to our personnel. The majority of almost 2,000 calls received thus far has requested policy guidance, while about 25 percent of the callers have sought and received advice on how to resolve specific instances of sexual harassment. Assistance

provided is confidential and available to all within the Navy Department, both uniformed and civilian.

COMMAND MANAGED EQUAL OPPORTUNITY (CMEQ)

We are in the midst of a top-to-bottom review of Navy Equal Opportunity; we will be examining recruiting, retention, advancement, promotion, training, and assignment policies. Our goal is to move beyond simply establishing minimum standards, to seeing all members of the Navy family as people with definite assets and taking positive steps to encourage them to be their best.

Central to this effort is the concept of accountability, the responsibility of our commanders to identify trends and prevent equal opportunity problems *before* they occur. We are helping our commanding officers do this "preventive maintenance for people" through the Command Assessment Team Survey System (CATSYS), a user-friendly, automated data gathering system that greatly facilitates monitoring an individual command's climate and rapidly identifies problem areas requiring immediate attention.

Our efforts in this area will be unrelenting and are based on the idea that, in addition to simply being the right way to do business, an environment that unlocks the full potential of each one of our Sailors is absolutely vital to readiness. We must have each and every one of our uniformed and civilian team members treated with dignity and respect to create the esprit de corps so necessary to successfully carrying out our mission.

BROADENED CONTRIBUTIONS FROM MINORITIES

In November 1993, the Secretary of the Navy initiated the "Enhanced Opportunities for Minorities Initiative." His memorandum to the Chief of Naval Operations specifically tasked the Navy "...to ensure we are maximizing minority contributions to the Department." Out of the ensuing effort came the "12/12/5 Initiative," named for the recruiting strategy that will help ensure our officer and enlisted ranks reflect the racial and ethnic diversity we expect to see in our society at the turn of the century. To retain the support of this increasingly diverse society, it is clear we must draw on the broadest possible segment of our population to fill our officer and enlisted ranks. We must also ensure that we have leadership and role models throughout our rank and grade structure for the young men and women we will be recruiting from so many different backgrounds. Our plan is to reach accession goals of no less than 12 percent African-American, 12 percent Hispanic, and 5 percent Asian-American/Pacific Islander across all rates and designators by the year 2000.

The Navy is fully committed to the 12/12/5 goal. In raw numbers, we are very close to that composition now in our enlisted ranks. The challenge in the enlisted community is to correct an uneven representation across the various ratings. We have changed our recruiting and classification procedures to equalize minority distribution in the rating structure, and we have revised training policies to expand opportunities for minorities in selected rates.

The challenge in our officer corps is to access officers into the various communities at a rate higher than the college graduation rate, the standard upon which past goals have been based. We selected 50 Sailors for the "Seaman-to-Admiral" program in order to tap the diversity and talent of our junior enlisted personnel. We have begun an innovative scholarship offer, the Immediate Scholarship Decision (ISD), to help attract qualified applicants including minorities, into the Naval Reserve Officer Training Corps (NROTC) program. The Naval Academy has expanded its minority recruiting effort and the Naval Academy and NROTC are working together to streamline application procedures. Our Baccalaureate Degree Completion

program has been expanded from two to three years, to make it a more attractive education/commissioning option. The Navy Recruiting Command has been tasked to access the 12/12/5 goal through Officer Candidate School.

The 12/12/5 initiative is not something that can be achieved in a short time, and it is not the only answer to enhancing an environment of equal opportunity in our Navy. But it is a very strong start on achieving a goal to which we are completely committed.

WOMEN IN THE NAVY

One of the Navy's great "good news" stories in the drive to create a professional environment that allows all Sailors to "be all they can be" has been our response to the 1993 repeal of the combat exclusion law. We have moved rapidly to maximize and greatly expand opportunities for women in the Navy.

Our carefully planned integration of women into combatant ships, aviation squadrons, afloat staffs, and Naval Construction Battalions (Seabees) has progressed smoothly and resulted in a rapid escalation of professional and leadership opportunities for women.

Following required Congressional notifications, most classes of combatant vessels were opened to assignment of women. Over the next two years, 28 combatant ships—from nuclear-powered aircraft carriers to *Aegis* destroyers—will be modified to embark women. By the beginning of this year, over 1,400 women were serving on combatants and in carrier air wings, with a total of more than 10,000 women at sea overall. Women have been fully integrated into each Mobile Construction Battalion.

Over 96 percent of officer designators and enlisted ratings are now available to women. Last year, 80 women officers were selected for surface warfare, 85 women aviators were in combat squadrons or the aviation training pipeline, and 75 enlisted women were selected for the Nuclear Propulsion Program. By the beginning of FY96, women will be embarked in 37 combatant ships.

The expanded women-at-sea policy has produced meaningful, visible career improvements for women and significantly added to the pool of talent the Navy can depend upon and draw from in the years ahead.

V. THE RECRUITING CHALLENGE

Our recruiting program remains an essential element in planning for the Navy of the 21st century. For FY94, the Navy Recruiting Command attained 100 percent of the enlisted accession goal of 53,982, while achieving figures of 95.1 percent high school diploma graduates, 68.3 percent scoring in the upper half of the Armed Forces Qualification Test, and none from the lowest recruitable mental group. African-American recruits made up 19 percent of non-prior service accessions, with 97 percent high school diploma graduates. Similarly, Hispanic recruits made up 8.3 percent of accessions with 96 percent high school diploma graduates.

Even in the difficult recruiting environment the military is currently experiencing the Navy has not reduced its quality requirements. For the "high-tech" force of the future, we must have "high-tech" recruits; accordingly, in FY94 our percentage of high school diploma graduates increased compared to FY93. Our commitment to quality recruits is unwavering.

In FY95 we will access more than 52,000 new recruits. There are several factors now impacting our ability to attract young people. First, the improving economy, while good for the nation, makes recruiting tough. Good jobs are available for the same high quality young men and women we seek for the Navy. Additionally, well publicized downsizing of the military has created the misperception that the Navy no longer offers secure employment or educational opportunities for motivated, talented young people. The recruiting market now exhibits the lowest propensity for military service in the past decade. The latest DOD Youth Attitude Tracking Study (YATS) shows the inclination for youth aged 16-21 to enlist in any branch of the Armed Forces declining for the fourth straight year, with the Navy attracting the fewest respondents of all Services. Fewer of the centers of influence for young people today—such as school counselors, coaches, and parents—have served in the military or are willing to encourage military service.

In FY94, although we achieved accession goals every month, we missed monthly new contract objectives for 9 of the 12 months. Thus far in FY95, new contract objective was missed in three of the first five months. This translates into insufficient numbers of young men and women being sworn in and waiting 1-12 months to go to boot camp. These people form our Delayed Entry Program (DEP) pool. The inability to consistently attain new contract objectives threatens the viability of the DEP and puts in jeopardy our ability to attain accession goal this Spring. In past years, by drawing on our DEP pool, we were able to shift accessions from the traditionally difficult Spring months to the Summer. Now, with only one Recruit Training Center (RTC), such flexibility no longer exists. If the DEP is depleted to achieve near-term accession goals, long-term goals for FY96 become threatened.

To counter these problems, and maintain high recruit quality, we have provided additional resources to the recruiting effort and have allowed Navy veterans in certain undermanned rates to return to active duty. It is too early to predict the results of our actions, but I remain cautiously confident that the additional recruiters provided and increased funding committed to recruiting and advertising programs will bring in the required number of young people we need.

VI. SHAPING THE FORCE OF THE FUTURE

ENLISTED PERSONNEL/PROGRAMS

We are now at the point in the long-term restructuring of the Navy, begun in 1989, that we must shift the focus of manpower policies to shaping the force of the future. In this fiscal year, we will separate approximately 27,000 Navy personnel without replacement to bring us to the 75 percent point of the drawdown, an enlisted end strength of 375,200.

Our change in focus is best shown by the contrasts between last year's use of force-shaping tools—Enlisted Selective Early Retirement (SER), Voluntary Separation Incentive and Special Separation Benefit (VSI/SSB), Entry into the Career Force (ENCORE), and 15-year retirement (TERA)—and what we will do this fiscal year.

There will not be an enlisted SER in FY95, and I do not anticipate one in FY96. In FY94, 570 senior enlisted men and women were selected for early retirement.

Our VSI/SSB program for FY95 is already closed out, with 420 Sailors (primarily from decommissioning and disestablishing units) electing to separate. In FY94, over 3,000 Sailors were separated through VSI/SSB.

In FY94, 950 Sailors chose to separate under our voluntary Temporary Early Retirement Authority (TERA). Our FY95 goal for TERA is approximately 3,950 Sailors targeted in paygrades E5 to E7 with 15-20 years of service and in selected overmanned skills. Increasing our TERA offering helps improve advancement opportunity for junior Sailors and reduces the pressure to involuntarily retire senior enlisted personnel early.

We had maintained centralized control over first-term reenlistments since 1992 as a downsizing instrument for meeting end-strength requirements. Last year, we returned control of most first-term reenlistments to our commanding officers.

Taken together, these changes send the unmistakable signal that we are back in the career-planning and retention business. Advancement opportunity is up from FY94 and will continue to increase in FY96.

Force reductions will of course continue as we approach the steady state level of FY99, but our primary concern is now on long-term quality and establishing retention levels that will sustain our Navy into the next century.

The retention declines over the past few years are largely a result of the direct and indirect effects of our drawdown policies. It is difficult to disentangle the various causes of retention behavior, but we believe that much of the decline has resulted from VSI/SSB/TERA, early outs, low advancement opportunity, and other factors related to the drawdown.

We are keeping a very close watch on this area. In order to establish steady state retention levels of 37 percent first term, 54 percent second term, and 69 percent third term, we must maintain the emphasis on competitive pay raises, good career opportunity, and high Quality of Life.

OFFICER PERSONNEL/PROGRAMS

Just as in our enlisted personnel programs, we're beginning to "put on the brakes. . . smartly" and send the message to our junior officers that downsizing is behind us. I am even more concerned about getting this message to our officers out in the Fleet rapidly because we have begun to see an increase in the number of junior officers who state "lack of career opportunity" as one of the top reasons for voluntarily separating.

We have taken some dramatic steps to let our officers know that now is the time to look to the future and take advantage of the many career opportunities that most certainly do exist:

- In FY94, we involuntarily released nearly 550 Surface and Aviation Reserve Officers to meet end strength requirements. In FY95 and FY96, we will involuntary release fewer than 100 junior officers.
- Our augmentation rate for the Aviation community at the most recent board was 62 percent. In FY94, the corresponding rate was 29 percent.
- In FY94 1,041 officers elected to separate through VSI/SSB. The program closed in FY95 with 680 takers. We will not require VSI/SSB in FY96, although we may use the program in FY97.
- Our goal for this year's TERA is 354 officers. In FY94 we separated 1,347 officers via early retirement.

Although we were required to conduct an officer SER board this year, the number selected was lower than in FY94. We changed the SER procedures so that O6s will now receive only two looks for early retirement, which will occur at two- and five- year time in grade.

Current overall officer retention is strong, but we face continued difficulties in the Aviation, Nuclear Power, and Medical fields that I will discuss in more detail.

Aviation: Jet and propeller pilot retention decreased slightly while helicopter pilot retention increased and Naval Flight Officer retention remained constant. Aviation Continuation Pay (ACP) was applied to communities of concern and will be selectively offered again in FY95 to aid the retention effort.

Additionally, partially in recognition of the requirement and desire for Joint Duty Assignments, we are reviewing a legislative proposal to reduce initial Aviation Career Incentive Pay (ACIP) operational flying requirements (known as the "flight gate") to stipulate 8 of the first 12 years, instead of the current 9 of the first 12 years. This proposal would provide a way for aviators to "make their gates" and continue to receive ACIP, in view of the drawdown's impact on available flying billets, time to promotion, and increased emphasis on non-flying duty. Without this gate reduction, nearly 30 percent of naval aviators in year groups 86, 87, and 88 will fail to meet their initial flight gate. Such a result could only add to the difficulty of retaining top-quality aviators.

While not an immediate issue, I am concerned about forecasts of civilian airline hiring increases over the next few years that could significantly impact our pilot retention program. We are of course watching this closely.

Nuclear: Because of overall force level reductions, we have been able to keep our submarine force adequately manned, yet we presently have a shortfall of about 280 mid-grade submarine officers. Our submarine junior officer retention over the last two years has averaged the lowest level in over a decade. More first-tour officers are resigning after completing their minimum service obligation rather than taking assignments ashore. I am convinced that Nuclear Officer Incentive Pay (NOIP) has been essential in maintaining the required number of officers and that without it our overall nuclear trained officer retention situation would be critical.

Medical: Because of higher pay and family stability in the civilian sector, the retention of medical personnel continues to challenge us. At the end of FY94, Navy had 4,359 physicians, 3,350 nurses, and 2,829 health care administrators and scientists but only 1,469 dental corps officers—99 officers below target. To improve dental corps accessions, we expanded the Armed Forces Health Professional Scholarship program by 25 four-year scholarships, and expanded the Health Services Collegiate Program as another accession pipeline for up to 25 officers. We expect to reach overall end strength in FY95 but will have inventory shortages in dentists and several of the medical specialty and sub-specialty communities: for example, surgeons, primary care physicians, optometrists, pharmacists, and certified registered nurse anesthetists and nurse practitioners.

JOINT OFFICER MANAGEMENT

The Navy continues to make good progress in joint officer management. Our efforts to send high-quality officers to joint assignments are evident in the very positive results of the FY95 unrestricted line commander and captain promotion selection boards when comparing selection statistics of JSOs and Joint serving officers with those officers serving at Navy

headquarters. For the FY95 unrestricted line captain promotion board, both 47 percent of officers on the Joint Staff and officers serving at Navy headquarters were selected for promotion. For the FY95 unrestricted line commander promotion board, the results were 87 percent and 85 percent, respectively.

MILITARY ACQUISITION WORKFORCE

We are in the final stages of transition from the Material Professional program to the Acquisition Professional Community as required by the Defense Acquisition Workforce Improvement Act (DAWIA). Career field certification requirements ensure our future acquisition program leaders are gaining documented experience, education and training throughout their careers as they prepare for major program management assignments. The actions required by DAWIA constitute a significant step forward in the development of a high level of professionalism in our Acquisition Workforce.

DOPMA GRADE TABLE RELIEF

Shaping the career officer force requires extremely careful attention to promotion opportunity and flow points. Accordingly, we are considering a modest grade table relief in order to maintain unrestricted line O4 and Nurse Corps O6 promotion flow points within DOPMA upper guidelines. Our intention is to work closely with OSD to present a coherent permanent DOPMA grade relief proposal as part of the FY97 budget submission.

NAVAL RESERVE PERSONNEL

Today's Naval Reserve is better trained and equipped than at any time in its history and has evolved into a force closely linked to the Active Navy. Everyday support to the Regular Navy is on the increase with more Reservists drilling at their gaining command and using increasingly flexible drill schedules. Recognizing the growing importance of the Naval Reserve in areas of crisis response, contingency operations, and contributory support, we will focus our efforts on ways to use Reservists even more fully in the Fleet.

The Active Duty for Special Work (ADSW) program will provide prompt, flexible support to the operating forces. Critical know-how and real-world skills can be rapidly put in place to meet emergent short-term needs of our active and Naval Reserve components through selective voluntary recall of Reservists.

We are vigorously implementing the Reserve Transition Benefits program to assist those Naval Reservists adversely affected by the drawdown. These benefits include separation pay for members with 20 or more years of qualifying service, early retirement for members with at least 15 but less than 20 years service, separation pay for members with 6 to 15 years qualifying service, and Montgomery GI Bill eligibility. Additionally, Serviceman's Group Life Insurance (SGLI) can be continued for early retirees.

This past year, we initiated development of a strategy to integrate active and Reserve source data collection in the field. The purpose of this integration of data collection is to significantly improve mobilization capability while reducing manpower requirements. The Navy Standard Integrated Personnel System (NSIPS) will provide local accessibility to active and Reserve personnel and pay data; use of the same software application whether on shore, at sea, or overseas; and increased flexibility to incorporate changing functional requirements.

The recent passage of the Reserve Officer Personnel Management Act (ROPMA) will provide the Navy a greater flexibility and predictability in fulfilling Reserve officer management

requirements. ROPMA parallels, to a large degree, the basis for managing active-duty officers while providing the Secretary of the Navy discretion to manage unique requirements and circumstances of the Naval Reserve.

Our Naval Reservists are a proven commodity, working side by side with active-duty counterparts everywhere our Navy is employed. The talent and resourcefulness of these dedicated Reservists have made the "One Navy" concept a reality.

CIVILIAN MANPOWER

The FY96 total of 222,456 Navy civilian employees represents about one-third of our total workforce end strength. The majority of our civilians contribute directly to the readiness of our operational forces, while the balance provide essential support in such diverse functions as training; medical care; communications; MWR programs; and engineering, development, acquisition, and life cycle support of weapons systems. Clearly, we could not get the job done without the day-to-day support of our civilian team.

During FY96, we project reductions of 13,315 civilian personnel end strength; this number is down from 15,038 civilians separated in FY95. This civilian end-strength reduction reflects the decline in workload at Navy activities as our force structure declines.

The civilian reduction reflects the continued downward trend of the civilian workforce, both at headquarters and field activities, as a result of force structure downsizing. Some of these downsizing results are reduced depot workload, savings from Base Realignment and Closure decisions, and management efficiency savings. Civilian staffing levels are sized to support our budgeted readiness requirements.

We continue to make every effort to minimize the adverse impact of these necessary force reductions on our civilian employees. Aggressive use of separation incentives continues and has minimized the need for reductions in force in past years. We anticipate the number of separation incentive takers to decline as the eligible pool of participants diminishes. Whenever reductions in force are required, those personnel affected will be accorded full benefits.

VII. SUMMARY

The past five years have been a period of dramatic change for the Navy. We are now able to look beyond the end of downsizing and see what we must do for our Sailors today to be ready to operate "Forward. . . From The Sea" in the years ahead. To be fully ready requires, above all else, quality people. If we take care of our people and treat them with respect and dignity in a professional environment which fosters excellence, we will have ships and aircraft that operate well.

Our people must remain our focus. Your continued support, your understanding, and your assistance will ensure that our Sailors are ready today, and in the future, to go wherever they must go and do whatever must be done for the defense of our nation.

APPENDIX A

The Military Personnel, Navy (MP,N) Appropriation Request

The FY96 MP,N request is for an appropriation of \$16,930,609,000 in obligational authority. This is a net decrease of approximately \$639 million from the current funding for FY95. The major factors include annualization of 2.6 percent January 1995 pay raise (\$97.5 million); 2.4 percent January 1996 pay raise (\$262 million); \$21 million in special separation benefits and 15-year retirement; and additional funding for the following Quality of Life issues: increase in BAQ/VHA from 79 percent to 80 percent of housing costs (\$13 million) and \$11.8 million for the new CONUS COLA Program. Offsetting decreases are average strength reduction of 21,871 (\$628 million) and \$32.5 million in incentive and special pays. The following paragraphs provide explanations on funding required for selected budget activities; and the chart on page A-3 reflects funds requested for all six budget activities, as well as the percent of each to the total program.

Pay and Allowances of Officers

A total of \$4,344,447,000 is requested to support the planned officer strength in FY96. This represents a net decrease of approximately \$45.9 million from the FY95 level. The change in required appropriations is attributed primarily to planned strength reductions, partially offset by annualization of the FY95 and the planned FY96 pay raise which is based on the Federal Employees Pay Comparability Act (ECI minus 0.5 percent). The funds required in this budget activity are based on the monthly strength plans and resultant workyears indicated in the chart on page A-3.

Quality of Life

Funds for two major issues of the Quality of Life initiative are being requested for the FY96 budget: \$13.1 million for additional BAQ and \$11.8 million for CONUS COLA are considered vital to the initiative of improving the quality of life of our Navy men and women. The BAQ request is an additional 1 percent above the 2.4 percent increase requested for all pay and allowances for FY96.

Pay and Allowances of Enlisted Personnel

Planned enlisted strength will require \$11,356,904,000 in FY96. This represents a net decrease of approximately \$488 million from the FY95 level. The net decrease represents planned strength reductions offset by increases for annualization of the FY95 pay raise and the proposed FY96 pay raise.

Subsistence of Enlisted Personnel

The amount required for Subsistence of Enlisted Personnel is \$518,117,000 in FY96, a decrease of \$17 million from the FY95 level. The change in required funding is attributed to decreases to end strength and workyears, and is offset by annualization of the FY95 pay raise and the proposed FY96 pay raise.

Permanent Change of Station (PCS) Moves and Average Cost by Category

The DON PCS Program will require \$571,542,000 for FY96. The cost variances include the impact of the current reductions to authorized strength levels, inflation factors, and industrial funded service rates.

The chart on page A-4 shows planned moves and average costs by travel category across the years. The Navy's goal for operational readiness, when called upon for any contingency, is to continue to provide the installations and ships with the best qualified personnel. PCS costs associated with accession, separation, training, and organized unit moves are mandatory to meet that goal and attain force levels.

FY96 discretionary moves represent 32 percent of the total Navy PCS program. However, only limited opportunities exist to restrict these moves without disrupting programs and efforts to maintain skill and grade balances within the naval force.

While the Navy continues to make every effort to minimize moves, full PCS funding is absolutely essential for recruiting, training, developing, and retaining the best fighting force possible.

Congressional understanding of and support for the Navy's FY96 PCS program is absolutely necessary if we are to sustain our ability and readiness during this period of world uncertainty and transition.

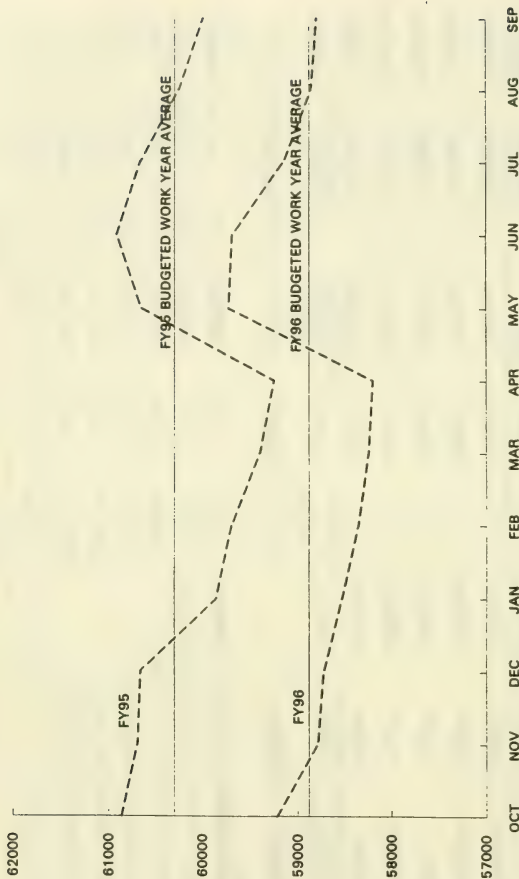
MILITARY PERSONNEL, NAVY AMOUNT (\$000) BY BUDGET ACTIVITY

BUDGET ACTIVITY	FY 1994	%	FY 1995	%	FY 1996	%
PAY AND ALLOWANCES (OFFICERS)	4,653,927	25.1	4,390,309	25.1	4,344,447	25.7
PAY AND ALLOWANCES (ENLISTED)	12,499,769	67.4	11,844,609	67.4	11,356,904	67.1
PAY AND ALLOWANCES (MIDSHIPMEN)	35,822	0.19	35,548	0.2	35,102	0.2
SUBSISTENCE OF ENLISTED PERSONNEL	560,957	3.0	535,094	3.0	518,117	3.0
PERMANENT CHANGE OF STATION (PCS) TRAVEL	641,141	3.5	605,333	3.4	571,542	3.4
OTHER MILITARY PERSONNEL COSTS	154,878	0.9	158,244	0.9	104,497	0.6
TOTAL DIRECT PROGRAM	18,546,494	100.0	17,569,137	100.0	16,930,609	100.0
REIMBURSABLES	357,307		255,784		248,563	
TOTAL FINANCIAL PROGRAM	\$18,903,801		\$17,824,921		\$17,179,172	

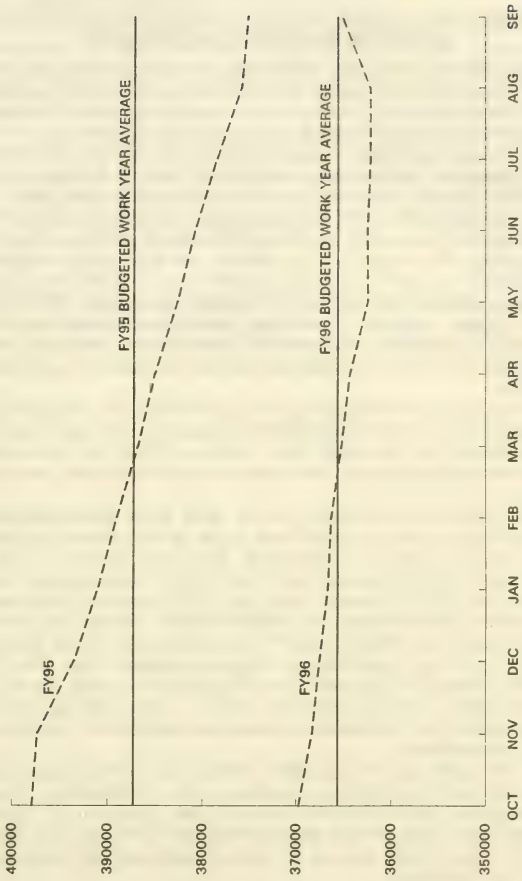
PERMANENT CHANGE OF STATION MOVES AND AVERAGE COSTS BY TRAVEL CATEGORY

CATEGORY	FY94 ACTUAL		FY95 ESTIMATE		FY96 ESTIMATE	
	MOVES	AVERAGE COSTS	MOVES	AVERAGE COSTS	MOVES	AVERAGE COSTS
ACCESSIONS	56,824	808.25	56,160	879.40	59,579	890.92
SEPARATIONS	78,900	1,565.96	68,690	1,573.46	56,384	1,610.12
TRAINING	19,170	2,822.27	16,940	2,925.33	14,834	3,003.04
OPERATIONAL	48,564	3,374.91	41,853	3,517.57	37,341	3,647.44
ROTATIONAL	29,938	8,375.07	28,755	7,451.43	27,133	7,779.05
UNIT MOVES	2,606	3,407.52	4,384	4,372.72	4,342	4,554.12
TOTAL MOVES	236,002		216,782		199,613	
COMPOSITE AVERAGE COSTS		2,814.22		2,808.50		2,880.78

FY95 & FY96 OFFICER STRENGTH PLAN



FY95 & FY96 ENLISTED STRENGTH PLAN



Mr. DORNAN. Thank you, Admiral. General Boles.

**STATEMENT OF LT. GEN. BILLY J. BOLES, AIR FORCE DEPUTY
CHIEF OF STAFF FOR PERSONNEL**

General BOLES. Sir, Mr. Chairman, committee Members, I am pleased to report for you the fourth time on the posture and well-being of America's best, the men and women of the U.S. Air Force. I, too, have submitted a formal statement for the record.

I would also like to go on record in saying that in the four times I have appeared before this subcommittee, there have been so many of the things that we have been able to accomplish in these 4 years, due entirely to the support that you have given to the men and women in the armed services. We could not have been where we are today. We could not be where we are today without that support.

You have defined the theme for today's hearing as PERSTEMPO. I would state upfront that the Air Force does not have a PERSTEMPO problem, per se. We have some concerns, yes; very many concerns. We have some areas that we need to work on. That is also true.

I do not want to overstate the case because I am somewhat reluctant to say a lot about PERSTEMPO because I do not want to give the impression that the men and women of the Air Force are complaining or whining about the pace of their activities because they are busy.

They are busy doing exactly what they have been trained to do and what they joined the Air Force to do in 99 percent of the cases. I think they are doing it very well. We have some of them, such as air lifters, who are doing that from their home station. We have some, such as AWACS crews, who are TDY to other locations.

As I review the bidding on PERSTEMPO within the Air Force, I would classify the PERSTEMPO situation into three groups. The first group are very specialized weapons systems like the AWACS, the F-15E, the EF-111, the RC-135's, the U-2, and the AC-130's; where we have a small inventory and a high tasking level. That force structure has remained almost unchanged as we have gone through a drawdown.

Group two gets into the support skills that are in great demand, like security police, medics, supplies, civil engineering. These are core disciplines that wherever we go they have to go, prepare a place, and take care of the people who are TDY. So, for these two groups the issue boils down to either reducing the tasking or increasing the inventory.

For the weapons systems, we have worked that through the tasking issue. We sought and we got relief from the Joint Chiefs of Staff on the AWACS tasking. We are using volunteer relief from the Guard and the Reserve units to reduce the active duty tasking level in as many systems as we can.

For the support skills, we worked the inventory side of that one by implementing a fair share tasking system to spread the deployment load across the Air Force rather than just the particular units, which gets us to the group three.

That is the people back at home station who do not deploy. For example, when people from a security police squadron leave a

training base and go deploy, their workload has to be picked up by other squadron members.

You will recall recently an article in the paper here about when we deployed firefighters from Andrews Air Force Base. That extended the duty days and the duty hours of other firefighters at Andrews because they still had the same support to provide at Andrews Air Force Base.

Our concern with these people is to make sure that everybody understands and notices that they are contributing too. So, for all three groups, I think the major concern now is to take care of them. Let them know that their efforts are appreciated, which is why we are focusing so much within the Air Force on quality of life, to better take care of the people who are taking care of the mission.

These are what I see today as the Air Force's PERSTEMPO issues. I look forward to working with this committee as we work to solve those problems. Thank you, sir.

[The prepared statement of General Boles follows:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON NATIONAL SECURITY

SUBCOMMITTEE ON MILITARY FORCES AND PERSONNEL

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: Manpower/Personnel Overview

STATEMENT OF: LIEUTENANT GENERAL BILLY J. BOLES

Deputy Chief of Staff, Personnel

Headquarters, United States Air Force

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UNITED STATES HOUSE OF REPRESENTATIVES

INTRODUCTION

Mr. Chairman and members of the Committee, it's my pleasure to report to you for the fourth time on the posture and well-being of *America's Best*—the men and women of the United States Air Force. As always, America's Best are busy doing their best for America.

In my testimony last year, I told you the prevailing question on the minds of Air Force people was, "*Who cares about us?*" The troops in the field wanted to know who cared about them and who cared about their families. This Committee answered their question: Congress and the American people care. Your support of the full pay raise allowed by law, CONUS COLA, adjustment of the military retiree COLA effective date, and the other legislation and initiatives passed in last year's bill demonstrated your commitment to them. They know you care. Your visible and vocal support was echoed on November 10, 1994, when Secretary of Defense Perry and JCS Chairman General Shalikashvili announced their comprehensive \$2.7 billion Quality of Life initiative. This initiative will fund needed increases in housing allowances, better single and family living quarters, and an upgraded military community environment. Within the Air Force, Secretary Widnall and General Fogleman have placed new emphasis on Quality of Life and redoubled their commitment to put "People First". Your answer of "*We care!*"—repeated by DOD and Air Force senior leaders—has been heard on every Air Force base, sparking a new sense of determination and optimism among America's Best.

There is another reason underlying the buoyant attitude of Air Force military personnel: the end of the military drawdown is in sight. Since 1986 we,

as an Air Force, had to take some significant actions to reduce our military strength levels as far and fast as required. If you had the opportunity to visit Air Force bases and talk to our people during the past few years, you probably sensed the undercurrent of uneasiness and uncertainty. Today, you would sense an opposite trend. You would see and hear about Air Force people working hard, with renewed energy and a restored optimism. With your continued support of our requested military manpower strength levels, FY 95 will be marked as the last of the "big drawdown years". At last, Air Force military people will be able to put the drawdown (and the fear and apprehension it produced) behind them and to enjoy a more secure, stable environment. We, in turn, will be able to shift our focus to providing a higher *quality of life* for the men and women of the Air Force who have joined and remained with us through the tough years, and who have dedicated their lives to defending this great Nation.

OUR "PEOPLE FIRST" QUALITY OF LIFE PRIORITIES

At this point I would like to depart from the normal format of my manpower and personnel overview statement to outline what the Air Force views as the critical quality of life areas we need to pursue over the years ahead. We have made good progress in this area, but there is still work to do and issues to address.

A quality Air Force needs quality people. Without the best people, our force is not the best quality. In order to recruit and retain the best, we must provide them and their families with the right environment in which to work and live.

We will actively and substantially pursue improvements in Quality of Life. To that end, we have developed a prioritized list of Quality of Life initiatives to guide our corporate efforts to improve the quality of life of every member of the Air Force team. Some of the initiatives involve continuing programs that are already funded and which we will continue to support. Some are new items we have funded in the FY 96 President's Budget that we look forward to working with the Congress to achieve. The remaining items are areas we will work as funding becomes available. Viewed in its entirety, our priority list provides us a comprehensive, coordinated approach to make significant improvements in the Quality of Life of Air Force people. Here are our seven key quality of life areas:

Priority #1: Pursue fair and equitable compensation and benefits

We support full pay raises allowed by law. We remain committed to fair and competitive pay that allows our people to maintain a reasonable standard of living commensurate with that enjoyed by their fellow Americans. Compensation is an integral part of the quality of life equation that Secretary Perry has actively pursued and the Congress has actively supported.

As you are aware, the gap between military and private sector pay raises continues to grow. One of the fundamental principles of the All-Volunteer Force was that military pay would keep pace with the private sector. We learned a hard lesson when we ignored this principle in the late 1970's—military pay shortfalls were a major contributor to the poor retention and "hollow force" problems we experienced. With the 2.6 percent military pay raise Congress provided last year, the gap between private sector pay and military pay has

increased to 12.6%. Current projected pay levels will cause this gap to widen to over 18% by FY 01.

More significantly, military pay is not keeping pace with inflation. The difference between the annual pay raise and the annual inflation rate is the "pay gap" most visible to the average Air Force person. Since pay comparability was last achieved in 1982, inflation has exceeded the annual military pay raise in 9 out of 13 years. The current 4 percent inflation gap is projected to more than double, and could reach as high as 8 percent over the next six years.

The pay raise gap is not a problem unique to those in uniform. Pay raises for our civilian employees also continue to lag the private sector. You have already taken action to address this problem in the Federal Employees Pay Comparability Act of 1990.

We need to decrease member absorption of Permanent Change of Station (PCS) costs by increasing reimbursements. With the support of Congress, we have made significant improvements in this area over the past decade. In 1984, we were reimbursing Air Force people less than 30 cents for every dollar they spent making a PCS move. By 1990, we were paying them back at a rate of 50 cents on the dollar. Today, the reimbursement rate is 65 cents on the dollar.

Although we have made progress, the fact remains that when we move an Air Force member and his or her family to satisfy military needs, they must absorb one dollar out of every three spent out of their limited finances to cover the cost of the move. For example, the average Staff Sergeant and his or her

family must absorb about \$700 in out-of-pocket PCS expenses—that is equal to two weeks' pay or a month and a half of groceries. And, that is just in the areas where we allow reimbursements—it does not include expenses such as buying or selling a home. We would like to continue to decrease out-of-pocket PCS costs by increasing reimbursements in areas such as: mileage allowance; removal and reinstallation of catalytic converters; round-trip travel for shipment of vehicles to/from overseas; vehicle storage for members assigned to overseas locations with restrictions on the shipment of vehicles; and the dislocation allowance.

We support the DoD review of the Survivor Benefit Plan (SBP). The catastrophic crash at Pope AFB highlighted an inequity in the current law between service members who die instantly on active duty and those who die shortly after being hospitalized and are retired for disability. Current law allows SBP payments for active duty deaths only if the member had at least 20 years of service (retirement eligible) or was retired for disability. Take, for example, an aircraft accident involving two captains, each with 7 years of service. One officer dies instantly; the other officer is injured seriously enough to be retired for disability, and then passes away. The spouse of the captain who lived long enough to be retired for disability would receive over \$400 a month more in survivor benefits than the spouse of the officer who died instantly. This significant difference in benefits is difficult to explain to a grieving widow or widower.

The tragic B-52 accident at Fairchild AFB pointed out another inequity in the law as it pertains to retirement eligibility. Two of the four crewmembers killed were retirement eligible; their surviving spouses are receiving SBP

benefits. Two crewmembers did not have the requisite 20 years of service; their survivors are not receiving SBP benefits.

Extending SBP for all active duty deaths could appropriately recognize the ultimate sacrifice of dying in the service of one's country, and could provide equivalent compensation for all survivors. The Air Force supports the DoD review of potential changes to SBP.

Priority #2: Provide access to safe, affordable housing

Increased investment in family housing and dormitories is necessary. Air Force people deserve safe and affordable housing, either on-base or in the form of allowances, which meets reasonable community standards. Like most Americans, Air Force members want to live and raise their families in comfortable, secure neighborhoods. But unlike most Americans, Air Force members must support worldwide deployments and contingencies and leave their families "home alone." Quality housing enables our people to deploy with the assurance their families are safe, secure, and properly housed.

Unfortunately, we do not have enough quality housing to go around. The average age of Air Force housing is 32 years, and we have over 60,000 homes that require improvement or replacement. At current funding levels, it will take us 24 years to catch up with the backlog. Despite its age and condition, demand for on-base housing is high: 39,000 families are on waiting lists to move on base.

Improvements are also needed in dormitories for our single and unaccompanied personnel. Privacy is the number one housing request among

our young airmen. We have joined with the other services to develop a new dormitory living space standard that increases the net living space and offers a new dormitory building configuration that will allow us to give each person a room of their own. Setting a new standard is the easy part; renovating old dorms and building new ones will take time and money. Approximately 27,700 spaces still do not meet DoD standards, many of which still have central "gang" latrines. Nevertheless, we are committed to upgrading the living accommodations of our junior members. It's equally important to address the need for privacy of airmen living in our existing dormitories today, as well as the newly constructed dormitories of the future. To this end, the Secretary of the Air Force has requested a new DoD private room assignment standard that would allow the Services to assign one person per room in existing dormitories. This would be implemented as the Services are able to program additional allowances required to download dormitories and implement private rooms.

We need to close the Basic Allowance for Quarters (BAQ) gap. Over half of all Air Force families live in off-base housing. We have been asking them to underwrite far too much of the cost of off-base housing. Nearly 22 percent of housing expenses is absorbed from a member's basic pay—far more than the 15 percent envisioned by Congress. Through Secretary Perry's quality of life initiative we have provided \$11.5 million in this year's budget to help reduce the quarters allowance absorption gap by almost 1%. OSD and Congressional support for continued action to close the gap, returning the member's out-of-pocket contribution to 15 percent, are essential to this key Quality of Life program.

The Air Force supports housing allowance reform. We will seek legislation that would establish locality-based floors for Variable Housing Allowance (VHA) payments. This would ensure our most junior members are able to afford safe and adequate housing and guarantee sufficient allowances are provided to meet fair market rental demands placed on young enlisted families. A sampling of situations shows we have young families in locations where their total housing allowance, plus the average out-of-pocket contributions from base pay, is \$100-200 per month less than the fair market rental value for a two-bedroom apartment. In Washington DC, for example, where there is no CONUS COLA adjustment for the high cost of living, a young enlisted family is forced to live in less than adequate quarters because they must use part of their housing allowance, almost \$100 per month short of the appropriate level, for other necessities.

Furthermore, once housing commitments are made by our members, their housing allowances should not be decreased as long as their costs remain static or even increase. VHA rate protection would protect military members against unexpected declines in total housing allowances for the duration of an assignment unless individual housing expenses decline. We estimate the cost of implementing VHA locality-based floors and VHA rate protection to be \$56 million.

Priority #3: Provide access to quality health care for active duty members and their families

We support the current TRICARE program with no user fees in our Military Treatment Facilities (MTFs) and no enrollment fees for active

duty families. Our members rank health care as their number one non-cash benefit—and they want access to quality care for their families, too. The rising cost of health care has made the military health care system even more visible and important to our members and their families. Evidence shows that quality of care remains high, but access to care is becoming more difficult. As a result, beneficiaries have had to rely more on the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) which requires them to pay annual deductibles and share the cost of in- and out-patient care. Air Force members perceive the shift to civilian providers as a benefit erosion and the end of “health care without payment” for their families they believe they were promised in exchange for their service to their country. The TRICARE program was designed to counter this perceived erosion by improving beneficiary access to care and assuring affordable and high quality care, while containing overall health care costs. We are aggressively pursuing implementation of the TRICARE program. We believe TRICARE benefits (i.e., no MTF user fees and no active duty enrollment fees) should be sustained at the current level.

We are expanding preventive health programs. Optimal health and total fitness pay big dividends. Readiness is enhanced and medical care dollars saved by preventive health programs, such as smoking cessation, dietary and fitness counseling, and overseas dental care for families. We want to assist Air Force people to lead fit and healthy lives. We want to expand an integrated medical self care initiative to train, educate, and assist all Air Force people in the art of personal self care, disease prevention, and health promotion. We have also established the Office of Prevention and Health Services Assessment (OPHSA), a customer-responsive center of excellence, created for research and program development to enhance the health of Air Force people. The OPHSA

goals are to: prevent premature onset of disease and disability; improve operational readiness; enhance efficient use of health services; and reduce health costs. We want to further expand the Health and Wellness Center concept Air Force-wide to provide "one-stop shopping" for physical fitness assessment, fitness enhancement, and health promotion and prevention activities. In addition, our TRICARE program includes "enhanced benefits" designed to ensure a more healthy population.

ROTC graduates awaiting active duty need health care coverage.

We strongly support an initiative that would provide up to 12 months of medical and dental care for ROTC graduates who are involuntarily delayed in entering active duty. Most do not qualify as dependent children on their parents' insurance; they no longer qualify for low-cost student insurance; and short-term employment featuring health insurance is hard to find. It's in our best interest to safeguard the health of these young Reserve officers who have made a commitment to serve their country as soon as we need them, and in whose education we have made a significant dollar investment.

Priority #4: Decrease family separation and personal hardship

We can reduce the OPTEMPO of active duty personnel, decrease family separation, and lessen personal hardship by funding and redistributing Air National Guard and Air Force Reserve man-days. One of the more significant factors impacting our people today is the rate at which we ask them to deploy. As we have reduced the size of our force, we have also seen an increase in our deployment commitments around the world. On average, four times as many Air Force people are deployed today as there were in 1989. Our

people are busy enforcing no-fly zones over Iraq and Bosnia; maintaining humanitarian airlift bridges to support those in need of our help in Bosnia, Rwanda, and the Caribbean; and interdicting illegal drug traffic in South America. Proud, professional Air Force men and women are doing whatever their country asks—and doing it well. Compared to the total Air Force population, the number of people deployed at any given time represents only 5% of our force—but the same 5% are answering the call to deploy. For example, the average AWACS crew spent 165 days deployed to a major contingency or exercise during the past year.

Our people enjoy these challenges and jump at the opportunity to do the job they have been trained to do. However, they must know their work is appreciated, they will be fairly compensated for their efforts, and their families back home are in good hands. Making sure they are appreciated is another leadership challenge and our quality of life priorities seek to do just that. We have changed our TDY accounting process to ensure everyone gets credit in the assignment process for the time they spend away from home. We have also taken steps to ensure we fair share our commitments across all qualified people instead of calling on the same command or group of people. To further reduce the TDY burden and lower the active duty OPTEMPO, we are working to increase Military Personnel Account (MPA) man-days so we can expand our use of Air National Guard and Air Force Reserve volunteers to support active duty missions.

We are also concerned with the impact the high OPTEMPO has on Air Force family members. You need only talk to the family of a pilot or life support technician from the 429th Electronic Combat Squadron at Cannon AFB New

Mexico to understand the impact of long and multiple deployments: some members of that unit have been deployed 200 days in the last year.

We have taken a proactive approach to help family members cope with the stresses of deployment. Our Family Support Centers (FSC) are actively working deployment support programs, and the staff of every FSC in the Air Force has received rigorous training in family readiness. Many centers now have full time readiness coordinators assigned to manage pre-, during- and post-deployment programs. We have coordinated the efforts of our FSCs with other base agencies that interact with families—medical treatment facilities, commissaries, base exchanges—to establish comprehensive programs to meet the needs of our families. Our Child Development programs allow nondeployed parents to have periods of free time away from parenting. Before and during deployments, other MWR programs provide a wide range of opportunities that support the families' need for recreation and physical fitness to reduce stress. These programs better prepare our people and their families for deployments and allow our members to concentrate on the mission they are deployed to do. Mission readiness is enhanced as a result.

Priority #5: Enhance our base/community programs

We must preserve the commissary benefits enjoyed by our active duty and retired members. Commissary savings are vital to the military community and are ranked second behind health care as the most prized non-cash benefit. Military members depend on commissary savings to offset the impact on their pocketbooks of pay gaps, inflation, and out-of-pocket housing and moving costs. In fact, \$1 billion of commissary subsidy money provides military

members the same economic impact as a 6 percent pay raise—which would cost \$3.5 billion to fund.

We are encouraged by the strong support expressed for the commissary benefit during the past year. We were heartened by Secretary Perry's statement during his 10 November 1994 press briefing, "I have no intention of reducing the commissary benefit." Congressional support remains equally strong and we appreciate your action last year to increase commissary funding to sustain commissary operations at our current level.

We will continue funding support for Child Development Center construction and the equipment/furnishings to support these facilities. The Air Force Child Development Center (CDC) program is nationally recognized, providing care for 43,000 children daily in child development centers, family day care homes, and youth center programs. An additional 8,000 children are on waiting lists—70 percent of those are under 3 years old. We cannot accommodate 200-300 hourly care children each day (and this number excludes those parents who have given up on getting into the system). This negatively impacts Air Force communities by reducing the number of volunteers able to work in the Red Cross, Family Services, hospital, and other base agencies; it also limits spouses' ability to obtain and hold a job. Clearly, more child development centers are needed. Although fiscal constraints and the uncertainties of the base closure process have caused our total military construction investment to fall considerably below past levels, construction and refurbishment of child development centers remain fairly robust. We plan to spend a total of \$11.8 million to construct or refurbish five facilities in FY 96.

An increase in appropriated fund employees for child care and MWR is needed. Our MWR programs are essential parts of an overall quality of life effort for the Air Force community. The programs are effective tools by which commanders can enhance morale, esprit-de-corps, and unit cohesion. These programs also directly support personnel recruitment, retention, and readiness. Although we have made progress in this area, we need to increase the level of support for these vital programs. To improve the child development program, increased civilian workyears are needed to increase the percentage of caregivers paid from appropriated funds in order to lower the cost to parents. We also need to expand family day care in order to bring down the cost and to encourage individuals to be providers (e.g., provide equipment needed to get started and stay in business). In addition, we need to increase the level of support for other vital MWR programs. To provide fitness center operating hours to meet the needs of our customers, we need increased manpower. Currently, fitness center manning is adequate to keep facilities open from 63 to 91 hours a week. This is inadequate to meet mission requirements and customer needs, and negatively impacts morale and readiness. We are looking hard at ways of providing needed support in these areas, and may come back for relief if unable to solve internally.

Construction and refurbishment of physical fitness centers, libraries, and dining halls are essential to the Air Force community. Due to pressing readiness requirements, we were unable to invest MILCON dollars in community support facilities such as fitness centers, libraries, and dining halls in FY 96. With increased OPTEMPO and the increased trend toward healthier lifestyles and education, we need to provide modern fitness

centers, libraries, and dining facilities for our troops to maintain and improve their readiness.

Repair and maintenance of on-base federally funded schools are necessary to provide a quality educational environment for Air Force children. All children deserve to attend class in safe, well-maintained facilities. We support the continued renovation, remodeling, and upgrading of federally owned schools (Section 6, DoD Dependent Schools, and Department of Education-owned schools) to ensure on-base schools meet accepted quality standards. We appreciate the interest Congress has shown by funding for maintenance of these schools and solicit your continued support.

Priority #6: Preserve the retirement system and benefits

We are committed to preserving the lifetime benefits—retirement, COLA, and access to health care—military retirees earned and deserve. The military retirement system has long been the top retention incentive for quality people to serve full careers in uniform. It is the centerpiece of the benefit package we use to offset the extraordinary demands and sacrifices of military service. The combination of reforms to the military retirement system during the 1980's has already reduced the lifetime value of retired pay for newer servicemembers by 26 percent—resulting in savings for the government. Always proud to do their share, retirees have contributed to deficit reduction through pay caps (while on active duty) and lower pay raises than those enjoyed by average American workers (14 of last 20 years) which significantly diminished their lifestream retirement earnings. Recent Cost of Living Allowance (COLA) delays have added to the burden already borne by military retirees. Further

reductions in the value of retired pay could have a dramatic, negative impact on retention and readiness. We support full and timely COLA increases for military retirees.

Access to quality health care is critical to our retirees. Under the new DoD TRICARE uniform health benefit program, Medicare-eligible beneficiaries age 65 or older will continue to be eligible for space available care in our MTFs. They are currently not authorized CHAMPUS benefits. In order to allow this population to enroll in TRICARE, the Air Force strongly supports an initiative to amend the Social Security Act. This amendment would revise the current prohibition on making Medicare payments to a Federal provider of health care services and allow Medicare to pay an annual enrollment fee to the military Medical Services. This initiative, called Medicare subvention, would assure continued access to quality health care, for life, for our retirees.

Priority #7: Expand education tuition opportunities and access

We must preserve tuition assistance. Education and training opportunities are the top reasons recruits cite for joining the Air Force. Tuition assistance is a valuable recruitment, retention, professional development, and quality of life program. It provides active duty personnel the opportunity for professional development through tuition assistance for post-secondary education. Tuition assistance is used extensively by Air Force members to complete Community College of the Air Force associate degrees, undergraduate degrees, and masters degrees. It's a popular quality of life benefit; it's cost effective; and it improves the overall professionalism of Air Force members while they serve our Nation.

Enrollment opportunities in the Montgomery GI Bill need to be expanded. The Montgomery GI Bill continues to be a success story for the Air Force and the Nation. We rely on the bill as a critical incentive to recruit and retain quality people. Today, nearly 95% of the young men and women entering the Air Force enroll in the program. Significant changes have been made since 1990, including an increased stipend and coverage for flight training. We believe people who opted out should have another opportunity to enroll in the program.

A few last words about our quality of life effort. Secretary Perry has stated, "No single investment we make is more important than an investment in our people." We wholeheartedly agree, and solicit the support of this Committee to make a significant investment in the quality of life of the men and women of the United States Air Force. I must thank each of you, on behalf of every "blue-suiter," for the support you gave us throughout the drawdown. You gave us the tools—the Voluntary Separation Incentive (VSI), Special Separation Benefit (SSB), and the Temporary Early Retirement Authority (TERA)—that made the drawdown a success story. Your efforts made it possible for us to achieve 86% of our military losses through voluntary means and to keep involuntary actions as "last resort" measures. I am confident this Committee will make a similar commitment to providing a quality of life for Air Force people that is equal to the price of their service to our country.

At this point, I would like to update the Committee on where we stand regarding the drawdown, as well as our efforts to recruit and retain quality Air Force people. I will conclude my posture statement with a few words about

equal opportunity, professional military education, and the Air Force officer promotion program.

DRAWDOWN UPDATE

We have been reducing military end strength at a rate of about 4% per year since 1986—a pace faster than any other drawdown in Air Force history. For comparison, the post-Korea and post-Vietnam drawdowns proceeded at a rate of 2% and 3% per year, respectively. One out of every three “blue-suit” jobs that existed in 1986 is gone today. In people terms, two out of every three people on active duty at the beginning of 1986 have left the Air Force. Based on the military manpower strength levels contained in our FY 96 request, more than 90% of our required end strength reductions are complete.

Our work for FY 95 is already done. Our FY 95 drawdown target was to generate about 19,500 officer and enlisted losses above and beyond normal attrition. By November 1994 we had identified enough officer and enlisted losses to meet our drawdown goals. Approximately 17,000 enlisted and 2,000 officers signed up for one of the special separation programs (VSI, SSB, or TERA). We did not need to conduct an enlisted selective early retirement board (SERB) and we were able to cancel the scheduled line Lieutenant Colonel SERB. Assuming current projected strengths remain firm, we do not anticipate any further reduction-in-force (RIF) or SERB actions for either the enlisted or line officer force. We will, however, need to conduct a SERB for Lieutenant Colonel and Colonel Nurse Corps officers in May 1995 to further align the Nurse Corps inventory with their authorizations.

For FY96, we anticipate using a limited and structured approach for our voluntary separation offers, relying primarily on the Temporary Early Retirement Authority to generate the additional 1500-2000 enlisted and 800-1000 officer losses we will need. If military manpower strength levels remain firm and we continue to get the normal losses we are projecting, we should be able to meet outyear (FY 97-99) military reductions through limited voluntary separation offers and normal personnel actions.

While the end of the military drawdown is near, significant challenges remain for our civilian work force. Our FY 95 civilian program required us to cut approximately 6,400 occupied positions—a 3.3% decrement from our assigned FY 94 strength. For FY 96, we must reduce the civilian work force by 5,700 employees—about a 3% decrease in total work years—and we will continue to reduce total work years by 3% per year through FY 99. By FY 01 our civilian work force will be 15% smaller than it will be at the start of FY 96, representing a loss of almost 29,000 civilian employees. We intend to use essentially the same drawdown philosophy used to work the military drawdown. We will reduce permanent civilian accessions to 2,500 to meet civilian drawdown requirements. We will also emphasize maximum use of voluntary separation incentives and use reduction-in-force action as a last resort. We are also taking a hard look at how we do business and our infrastructure to identify more programmatic ways to reduce our civilian strength.

We expect to encounter the same turbulence and adverse impact on morale that we experienced with the military drawdown. Thus, as Air Force military members stride toward more stable times, civilian members of the Air Force team approach the turmoil of a major force reduction.

RECRUITING OUTLOOK

Despite the drawdown, the Air Force is still hiring the best America has to offer. With the end of the military drawdown clearly in sight, we hope to see some improvement in the recruiting area. As I stated during last year's hearings, we have been fighting a perception that the Air Force is not hiring. With thousands of Air Force people leaving active duty and going back to their home towns with separation bonus and early retirement money in their pockets, it's been tough convincing people that we have thousands of jobs to fill with high quality young men and women. We have been working hard over the past year to turn that perception around. Our efforts were aided by the repeal of the 10% cut in recruiter reduction and the advertising budget increase Congress provided last year—both are greatly appreciated—but we need more. As we approach the midyear point in FY95, it is obvious that we need to increase our FY95 and FY96 recruiting budgets and increase the number of recruiters.

The recruiting environment remains challenging, but our recruiters are working hard to find quality people to satisfy our accession requirements. We made our FY 94 enlisted requirements and saw a slight increase in recruit quality. Enlisted quality—as measured by the Armed Forces Qualifications Test (AFQT)—rose from 80.0% of new recruits scoring in Categories I-IIIa in FY 93 to 80.8% last year. To put the quality issue in perspective, as recently as FY 90, 85.5% were scoring in Categories I-IIIa. We also made our overall officer end strength numbers, but missed some specific targets for physicians, nurses, and judge advocates.

Some recurrent factors continue to cloud the recruiting picture. An improving economy means tougher competition for America's best young people. As opportunities increase in the private sector, fewer young people consider a military career something they would like to pursue. In fact, the DoD Youth Attitude Tracking Study reports that the propensity of 16-21 year old males to enlist in the Air Force has declined for five consecutive years. In 1989, about 1 in 5 young men were inclined to join; today only 1 in 10 view the Air Force as "a great way of life" they would like to live. One reason for the decline in interest is that more young people are attending college than before. In 1983, 53% of high school seniors entered college within 12 months of graduation; that number is over 62% today. Another reason for the waning interest in the Air Force is that military service is no longer the shared, almost universal American experience it was for other generations. Not long ago, there was a strong chance a young person knew someone—parent, relative, or friend—who had served, or was serving, in the military. Our smaller, all-volunteer military has lessened the opportunity for the "informal recruiting" that took place between those who had served and those who might. With fewer "dinner table" discussions about military service, young people today are not as likely to think about joining the military. Recruiters must now be the primary face-to-face source of information about military service.

Our recruiters are busy supplying that information, aided by a new radio advertising campaign made possible through the advertising budget "plus-up" Congress provided last year. Our challenge for FY 96 is to recruit 31,000 quality young people to enlist and access almost 5,000 new officers. It will be tough. Although we remain hopeful about reaching our current fiscal year targets, we have fallen short of our new enlistment contract goal in a couple of months and

we may not send as many new recruits to basic training during the early spring months as programmed. We are also projecting a shortfall of about 50 officers in our FY 95 AFROTC program, and a shortfall of 200-300 for FY 96. We are working the problem hard, and not sacrificing our quality standards to hit a quantity target. We need your help: continued Congressional support of our recruiting and advertising budget is critical. We are also hoping our full court press on quality of life will make the Air Force an even more attractive career option for the best America has to offer.

THE RETENTION PICTURE

Our quality of life effort will also help us on the retention front. We did not forget retention during the drawdown. As we worked to achieve the drawdown numbers we needed, we worked hard to balance today's losses with tomorrow's needs. We made sure we kept the right people with the right skills, while being fair in offering separation incentives. We also, of course, kept our critical skills—pilots, medical specialists, key technical skills—off the drawdown table. However, in many cases we viewed a voluntary departure as a bonus—someone we did not have to pay to leave or to force out involuntarily. Thus, the drawdown may have masked our true retention picture.

Retention was tough to work before the drawdown, and it may be more difficult to work afterwards. A reviving economy means a bigger "pull" from the private sector. A significant increase in airline hiring is forecast, with a large population of Vietnam-era commercial pilots scheduled to retire over the next five years. More important, we are also not sure how Air Force people are going to behave, retention-wise, after the drawdown. The "push" factor to leave the

Air Force may be greater as Air Force members feel less certain about the security of a military career. We are spreading the word to the troops that the darkest days of the drawdown are over and that brighter, more stable, more secure days are ahead. Our quality of life priorities serve to reinforce that message.

Our retention efforts are aided immensely by the Aviator Continuation Pay (ACP), Selective Reenlistment Bonus, and Specialty Pay programs. Your continued support of these programs allows us to retain valuable and experienced pilots, specialist technicians, and professionals. We urge Congress' support to extend authority and provide the requested funding for these critical programs.

EQUAL OPPORTUNITY

Another key to retention success is equal opportunity. We must ensure every person who joins the Air Force has the opportunity to achieve his or her full potential and to work and live in an environment that values human dignity and is free of discrimination. We must get the most out of each and every member of the Air Force team. No one is too junior; no contribution insignificant. We are committed to providing a level playing field for all and an environment free of any behavior that hinders performance.

The Air Force policy on discrimination is very clear, and Secretary Widnall and General Fogleman have taken every opportunity to voice it: "No amount of sexual harassment or discrimination of any kind will be tolerated." We are working hard to improve our equal opportunity program. We have

revised our procedures to strengthen our complaint process and instituted stricter timelines for feedback and follow-up. We are reviewing the human relations curricula in our accession, Professional Military Education, and commander training programs to ensure we are teaching the right people the right things at the right times in their careers. We are also developing a new 4-hour base-level course that will be mandatory training for every Air Force member and employee. We will put more Social Actions people at base level to support this training initiative—and also as a visible sign of our commitment to enhancing our equal opportunity program. We stand ready to act on the recommendations of the Defense Equal Opportunity Council Task Force on Discrimination and Sexual Harassment—co-chaired by Secretary Widnall—when that group finishes its work.

EDUCATION AND TRAINING

Our education and training programs keep our people mission ready for tomorrow's threats. The programs we developed under the "Year of Training" initiative now are maturing. Our goal to send "ready to work" technicians to the field became a reality when the first graduates of the F-16 and C-141 courses arrived at their first duty stations and hit the ground running.

We are growing the next generation of Air Force leaders through our Professional Military Education (PME) programs. The relative peace we enjoy around the world provides a prime opportunity to invest in tomorrow's airpower experts. The time to learn to fight a war is during peace—not over the battlefield on Day 1. In addition, critical job requirements—command, joint duty and acquisition billets—must be satisfied with high quality officers with

the right backgrounds and experience. We need to send at least 320 line officers each year through our Senior Service Schools to ensure we have a sufficient pool of resident war college-educated leaders.

PROMOTIONS

We recognize the value and future potential of our people through promotion. One of our concerns during the drawdown was maintaining a reasonable promotion tempo. Again, the force structuring tools Congress provided us helped us achieve a stable promotion environment. Our enlisted promotion tempo has remained consistent, with sew-on timing within the targets for all but two grades.

We have achieved similar results in our officer promotion program. By reducing promotion opportunities to Major, Lieutenant Colonel, and Colonel to DOPMA minimum rates, we have been able to keep pin-on timing within DOPMA recommended windows for all grades except major. The officers on the current promotion list to major will have, on average, 12 years and 1 month of commissioned service before they pin on their new rank—that's over a year outside the DOPMA window. We are seeking temporary grade relief to Major to help bring pin-on timing to that grade back into line. Without grade relief, we will not see timing within the window until the year 2001; with relief we can bring timing back into tolerance two years earlier.

Concerns continue to be expressed about the integrity of the officer promotion system. Let me assure you that the Air Force officer promotion system is in compliance with all laws and DoD directives. We have worked very

hard to resolve past Congressional concerns, and to maintain a promotion system worthy of the trust and confidence of the Air Force officer corps.

We are particularly sensitive to those who may perceive that any part of our personnel system may not be fair or operating properly. Their perceptions are important to us and we are committed to responding to them. Dr. Widnall and General Fogleman recently convened special independent review groups to look at our evaluation and assignment programs in response to concerns expressed by Air Force people in the field about those programs. The review groups are taking a wall-to-wall approach and will identify what we need to fix, and what we do not. The first review group, which looked at the officer evaluation and assignment programs, is in the process of briefing their findings to the senior Air Force leadership. When their recommendations are approved, they will be promptly implemented. My message here is simple: we are sensitive to the perceptions of our people and we will work to restore and maintain confidence in these programs.

IN CLOSING

The Secretary and the Chief of Staff have already affirmed to this Congress our commitment to our people. As they pointed out in their testimony, "Our people are at the core of all we do." I agree wholeheartedly with their assessment—and history adds further credence to their views. To paraphrase something George S. Patton, Jr. said as a young Major, "Wars may be fought with weapons, but they are won by [people]. It is the spirit of the [people] who follow and the [people] who lead that gains the victory."

I have devoted a significant amount of time describing our strategy to enhance the quality of life for Air Force people. The senior leadership of the Air Force recognizes that we cannot provide this Nation the best Air Force in the world without recruiting, retaining, and sustaining the world's best people. Our quality of life agenda seeks to provide Air Force people with an acceptable standard of living, an environment in which they are treated with dignity and respect, and some relief from the stresses associated with our high deployment tempos. In essence, we are aiming at the working living factors critical to the *spirit* of every man and woman wearing a blue uniform. I solicit your support in this endeavor.

Mr. DORNAN. General, I must make note that this probably will be your last appearance before this committee, opening appearance, for a year. When do you anticipate to change assignment?

General BOLES. Sir, God and the Senate Armed Services Committee willing, in April.

Mr. DORNAN. In April.

General BOLES. Yes, sir, April and May.

Mr. DORNAN. I think you told me you are looking at newer and bigger challenges. Good luck and, again, we may have you back before then; not very likely, but well done over your entire career which I discussed with you in my office.

General BOLES. Thank you, sir.

Mr. DORNAN. Well done certainly over your current job as head of personnel. Mr. Pickett.

Mr. PICKETT. Thank you, Mr. Chairman.

Welcome to our witnesses today. To start this off we have been talking about the PERSTEMPO issue. There are a lot of aspects of it. To be specific, how much of the problem in your judgment, and I realize this is a judgment call, is attributable to the smaller size of your force?

General Stroup, you can start off if you don't mind.

General STROUP. Sir, I believe in the current world situation, the size of the force would be stressed anyway with the multiple missions that we have been tasked to do by our deployed CINC's.

We are finding that the repetitiveness of the missions is coming at a much higher frequency than we had anticipated as we had done our planning. We are also finding, like my other service colleagues, it is the small density skills, particularly in the logistical area, where we are finding some of the stress.

I believe we have structured ourselves properly as we have focused on the 2 MRC scenario with our 10 divisions and 15 enhanced brigades.

Mr. PICKETT. OK. General Christmas.

General CHRISTMAS. Sir, as I indicated in my brief oral remarks, the bottom line for us is 174,000 active duty Marines. With that Bottom-Up Review number and, at the will of the Congress which actually had attempted to give us 177, which would have even been better, the line that was drawn was the line that ensured that we were able to meet our deployments—all of those forward presence requirements that we have as a Marine Corps for the Nation, as well as meet the Nation's strategy as far as two MRC's were concerned. As General Stroup has just said, we have had an unbelievable number of contingencies, which have been added upon that.

Therefore, our force is stretched very, very thin. Obviously, it does carry us beyond that deployment TEMPO of 50 percent of the time being away from home station and family. As you indicated in your comments, that does impact on training. It does impact on quality of life with the family and the like.

The second impact we are feeling with the force structure, as I have indicated, is we are the first of the services to reach the prescribed number in the Bottom-Up Review. In that downsizing, we went through some personnel perturbations, initially going to 159,000. Then the decision being made to go to 174,000.

Those perturbations have caused us some difficulties in some special MOS's, in some critical MOS's which are now short. The impact it has is that those individual marines end up deploying more because there are less of them. We are working very hard to come to a steady state in those specialties; get more school seats; assess the full numbers.

Unfortunately, in the manpower business, there is no instant gratification. It takes a good 2 years to make that balance happen. That is why holding us at the current in-strength or increasing the in-strength is critical to the Marine Corps.

Mr. PICKETT. Thank you. Admiral Bowman.

Admiral BOWMAN. Thank you, sir. I would agree with what General Christmas said. Despite all of the circles, the arrows, the flow charts, the diagrams, and different ways of measuring this which you have heard today, personnel TEMPO fundamentally comes down to a measurement of some variation of a simple division problem with commitments or requirements in the numerator and assets in the denominator to fulfill those requirements. In my view, the short answer to your question is, the stretch on operations TEMPO is directly associated with the downsizing. That is the denominator. If the denominator continues to go down while the numerator, the commitments, or the requirements hold steady or continues to rise for the various contingency operations that we have seen in the next couple of years, I can only see operations TEMPO continuing to rise if we do not take dramatic steps.

I mentioned some of the steps the Navy is taking now, and we will continue to watch this. A short answer to your question, it has to be directly affected by the size.

General BOLES. Sir, in the case of the Air Force, I believe the units most affected in terms of OPTEMPO are units, that as I mentioned, are small, and we have not done much in decreasing the size of them.

They have stayed relatively stable even during the drawdown. So, it has not had a direct affect on those. There have since been some isolated peripheral issues associated with them as we drew down people and let people out of those units. It created many vacancies. It created some training replacement issues.

The bitter issue gets to be the full size of the support force. Whereas, we used to have a lot of people going TDY, and it was normally isolated within the fighter force, within the tanker force, certain forces. We have now spread that across the Air Force so everybody feels a little more threatened by it. The majority of our force structure changes occurred in fighters and bombers, and not in the kinds of forces that are affected so much by the real bad OPTEMPO. Although, some fighter units are getting close to and exceeding the 120 days that we like to use as a threshold.

Mr. PICKETT. The final question has to do with deployments that we have overseas for the Army, for example, in Korea and Germany. The Marines have a larger group in Okinawa as you mentioned. The Navy is in Japan, Naples. The Air Force is in Germany and other places.

Who sets the size of the forces that you have in these large deployments overseas? How much flexibility do you have in adjusting

the size of that force to relieve pressures on deployments here at home?

General STROUP. Sir, in the Army's case I will address the peninsula of Korea first. Nunn-Warner from the Congress set the limit on what we would keep on the ground. That is approximately 26,000. We have increased that recently with the understanding from the Congress to include a Patriot unit which we have put there permanently versus on a rotational basis.

That was one of our personnel management decisions that we made. We have introduced two Apache battalions from the standpoint of the threat that might be coming. From the standpoint of Europe, the number in Europe was reached in conjunction with consultations between the SACEUR, NATO and the administration. Our number in Europe is 65,000 which we must keep on the continent of Europe, mainly in the Federal Republic of Germany.

Those are soldiers that, like the Air Force, have airmen permanently stationed; in our case, 3-year tours in the Federal Republic of Germany.

General CHRISTMAS. I think the simple answer, sir, to our deployments and our forward presence is it is really set by the CINCs, by the unified commanders and what their requirements are in their areas of operations.

I would like to note that I think it is very important to put a plug in for forward presence and what that means for the Nation. As I look at just Marine Corps requirements, this was just in 1994, there were a total of 19 contingency operations overall.

The interesting part of those was that six were handled totally by forward deployed forces. Seven were handled by both forward deployed and some augmentation from CONUS. Only six of those overall were handled strictly by CONUS forces. I think that points out very clearly the importance of our forward presence and that forward deployed role. That does help.

Mr. PICKETT. Admiral Bowman.

Admiral BOWMAN. I would agree also. The unified CINCs certainly set the forward deployment forward presence requirements for the Navy. There is constant tension among those forward deployed CINCs for our getting rarer assets to place in these forward areas.

By placing forward deployed ships in Japan, we are obviously saving the transit time in getting there and maintaining the forward presence. We follow the unified CINCs' requirements and meet those.

Mr. PICKETT. General Boles.

General BOLES. There are two sides to that. One is the permanent deployment. That, again, is based on the CINC, the national priorities. We have stayed relatively stable with that; about 20 to 25 percent of the Air Force has been stationed overseas for several years, even today.

The second piece of it, the deployments' continuing TDY requirements, and again that is in response to national interest, to the CINCs and the JCS requirements.

Again, in this one as I mentioned with regard to AWACS, we asked for relief for some AWACS tasking in that and we also asked for some relief in the airborne command and control because they

were getting to an excessive TDY, and it was causing some real morale and readiness issues. We were granted relief from that.

The second piece of it is we can spread the deployments. General Dallager talked about his unit and the 52d Wing spending so much time TDY. We are starting to spread some of that tasking to other units outside Europe to help alleviate some of them.

You work it in any number of ways as to how you do it, but the basic requirement is set by the CINCs.

Mr. PICKET. Thank you. Thank you, Mr. Chairman.

Mr. DORNAN. I have a very few brief questions and then I will yield to Mr. Skelton. On the chart that Admiral Tracey and Secretary Pang were using, it showed the Air Force having only 8 percent deployed.

Could I get a breakdown on that, General Boles, of how many of those within that 8 percent figure, what percent is air crew, pilots, load masters, navigators, and so forth? What percent is support personnel deployed?

In the Marine Corps, if you could give me just as an example, General Christmas, have one of your staff people do this, the most deployed battalion at Camp Pendleton and the most deployed battalion at Camp Lejeune. Which regiment had a battalion deployed more than anybody else?

A footnote, if this was an exception, or something fell through the cracks here where one battalion got hit more than others, or it got transferred to some other regiment and it went. I just want to get a feeling for the combat ready Marines in that battalion, what it is like.

Then just one personal comment from you that I guess I will go to my grave asking, I went to Vietnam once in an HU-16 rescue airplane 30 years ago this July; begged to stay. It is hard for some people to understand that somebody would actually want to stay there. They said go home and ask for a Guard; call up a program called Palace Guard. I got into it. Then it collapsed because a sea-plane was hit with a mortar from the shore. So, they decided everything would be H-3s in all services for rescue. The famous Jolly Greens were really earning their combat spurs at that time.

I went back seven times as a correspondent; four of those trips with wives and mothers of people missing in action. I got to really travel around Vietnam. I saw a lot more of it than some of our heroic POWs who were trapped inside cells.

I got to go out on Dixie Station, Yankee Station umpteen times; traveled with Senator John McCain's father, once on his helicopter, and two or three combat helicopters in OPS off the coast of North Vietnam. I went to Laos four times, Cambodia three times and as I said, Vietnam, eight times overall.

The quality of young fighting men that I saw, not the rear echelon people fighting drugs and all of the social problems that they brought with them from the country in the late 1960's and early 1970's, but the people who were out in the bush actually doing the fighting, were so unlike the scruffy group portrayed in Oliver Stone films that I, for all the world, could not see the difference between the young men that I first saw at Camp Pendleton at 10 years of age with my Uncle Jack Haley on a USO tour or the Marines I had seen anywhere around the world since. I took note that you won

the Navy Cross at the Battle of Quay. I knew both of the heroic commanders there. Mark Ravelle who died here a year and a half ago, was an AA on the hill for many years, and Ernie Cheatham I would watch play football on the magic team at Loyola University in the class of 1952. I was in the class of 1954.

I watched that whole heroic effort to make the bit time, but Notre Dame would not give us a game. So, football died at Loyola. Did you fight under Cheatham or Ravelle? Then I will give you my question that I have built up to.

General CHRISTMAS. I fought under big Ernie Cheatham. I commanded Hotel Company for him.

Mr. DORNAN. Hotel Company. That battle for Quay to me was no different than any conflict in the streets of Manila 50 years ago this month, or in Iwo Jima, or in Okinawa coming up 50 years ago.

Here is my question. As you travel around with the personnel responsibility, do you see much difference between your young men in Hotel Company and the young men you see there today? Some of them sons, a lot of them just younger brothers, or they had a younger uncle who was in Vietnam. Do you see any real difference at all in the combat units, not some of the problems we had behind the lines?

General CHRISTMAS. Sir, the difference I see is not a difference in pride, not a difference in self discipline or in self-confidence, or in the self-sacrifice that we had. The difference I do see is we prepare a young Marine today better than we have ever prepared a young Marine before.

Mr. DORNAN. That would include World War II and Korea.

General CHRISTMAS. That would include all wars. We truly are better prepared, I believe, as a corps, and I think I can speak very confidently. I have two sons who are Marines who quite frankly, as young Marine officers, are better prepared than I was when I went to Quay City.

If they had to fight the same battle today they would do it I think probably even better than I did. What remains is the corps values that the corps has always had and that's the commitment. That's the courage; those things that we continue to instill.

Is there a difference? The only difference is in the training and the preparation that we provide today. We do it a lot better.

Mr. DORNAN. There must be something in the American culture because the individual initiative that I learned about driving through the battlefield of the Bulge in December—completely over-running foxholes, not just squads or platoons.

As I read this month about Iwo Jima squads' actions, that unique initiative of the young sergeant, the young lance corporal or the private, the E-2, that is unique to the American culture.

They can train it into the foreign legion and into special operations forces in other countries. Ike Skelton, I and Owen Pickett took a wonderful tour from the Keiver Pass through Turkey to the wonderful French special forces units. It seems to come with the territory with our young men and now our young women, that there is a self-initiative thing that I hope is not dying out. Do you still see that in your Marine recruits?

General CHRISTMAS. Not only in our Marine recruits, but as I look at soldiers, sailors, airmen and marines across the board, our

young men and women continue to have that initiative. Right now, we bring them in even smarter than we brought them in before. Quite frankly, all of America can really be proud of those who are in the Armed Forces of the United States today.

Mr. DORNAN. Well, that's heartening. I knew, of course, the answer, but I just love to hear it over and over and over again. I will go to my grave not apologizing for what Ronald Reagan called the noble effort in Vietnam to try to do for them what we did for the southern half of Korea or all of France twice within a quarter of a century. Mr. Skelton.

Mr. SKELTON. Thank you, Mr. Chairman.

Let me officially welcome the two generals and the admiral on your maiden voyage here. I wish you well, Gen. Billy Boles.

General BOLES. Thank you, sir.

Mr. SKELTON. General Stroup, as we sit here today, what is the end-strength of the active duty Army?

General STROUP. Sir, the end-strength is approximately 532,319 young Americans.

Mr. SKELTON. You spoke earlier regarding the Army being stretched because of its commitments. You spoke earlier of the stress of the Army having those commitments. You spoke of those two terms in light of the personnel OPTEMPO. Is that right?

General STROUP. That is correct, sir.

Mr. SKELTON. You speak of the stretching of the Army and the stress of the Army OPTEMPO when we have over 532,000 active duty soldiers. Is that right?

General STROUP. Sir, I addressed that. That is correct.

Mr. SKELTON. You understand that the proposal under the Bottom-Up Review is to shrink the Army to 495,000 active duty forces. Let me share with you, general, some testimony before this subcommittee. I shared it not so long ago.

If the Army is shrunk to 495,000, testimony is of that figure, 311,000 can go to war; requiring 184,000 to run the posts; testimony before this subcommittee. Also, we know that the record and testimony show that there are 247,000 active duty Army that were sent to Desert Storm.

Should we have a major regional conflict that required 247,000 active duty soldiers, that would leave you 64,000 active duty soldiers for the second major regional conflict. Now, in your professional and personal opinion, General Stroup, going below 532,000 active duty soldiers where we are now, would that increase the stretching and the stress upon these soldiers as they serve?

General STROUP. Sir, if we were to—

Mr. SKELTON. Answer my question, yes or no, and then explain it.

General STROUP. Sir, it would increase.

Mr. SKELTON. Thank you. Now, you may explain it.

General STROUP. Sir, I am not going to offer you a caveat. You know that the Army cannot go to a major regional contingency as we have built the Bottom-Up Review force without our professional—

Mr. SKELTON. Without what?

General STROUP. Without our comrades and arms of the Reserve components. We have built our 10 divisions, 3 brigades force struc-

ture to meet the two major regional contingencies of the Bottom-Up Review to be accompanied by, at the point of the spear, some very outstanding Reserve component soldiers.

Each time we have deployed in some of these contingencies, for example, I now have——

Mr. SKELTON. General, general. Three brigades were not ready to go to Desert Storm. Are you saying that you would have brigades ready to go immediately to fulfill a first or second major regional contingency and things would be different?

General STROUP. Sir, we believe it would be different because we have been working on correcting those errors and deficiencies. We worked on both the active and the Reserve components since Desert Storm.

Mr. SKELTON. The Navy, the admiral spoke of quality of life. I am sure there are some statisticians among us who could devise a formula comparing the personnel OPTEMPO to quality of life. I am convinced that if we do an excellent job in quality of life, your ability to have a higher personnel OPTEMPO would come to pass.

Admiral, I know of a bright young sailor who is married and has a family and from time to time is gone, as all sailors are. He has a sign in his wife's kitchen that says, "If mama ain't happy, ain't nobody happy."

I think that's the job of each of you in your quality of life efforts to keep mama happy or the spouse happy so that this increased personnel OPTEMPO of which you speak, general, and of which we all know is coming to pass, will be better accepted. You can keep that young soldier, sailor, airman, and marine in uniform rather than having him or her vote their feet. Thank you.

Mr. DORNAN. Mr. Montgomery, General Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I want to commend our witnesses today. I guess the most important element of our defense is personnel. You realize that and the responsibility that goes with it. I appreciate your mentioning about using the Reserve and the National Guard for replacements where you don't have to keep our forces overseas, Active Forces, for longer periods of time. My colleagues have heard me say this over and over again, use these reservists and use these National Guardsmen.

Admiral Bowman, for some reason the Navy thought for years that they could never call a Navy Reservist up longer than 15 days. I think you found out you can take them and put them on your different ships as much as 6 months. You can do that throughout the whole Navy.

You send in a battalion to the Red Sea that is going to be made up of Army guardsmen and reservists. I just think it makes a better unit. You are paying them. You are paying them good, these guardsmen and reservists. I would certainly hope that you would use them at every opportunity.

I am a little disappointed to see that the Army National Guard is not achieving the quality goals. General?

General STROUP. Sir, in their recruiting efforts, they are working towards achieving the goals. I review the goals monthly. They are having difficulty across the United States, I think as the rest of us

are, with this downturn in propensity. We are looking at it for all three of the Army components.

At the moment, the Guard is slightly behind in their projected recruitment statistics working with Gen. Ed Baca, General D'Araujo and talking to their recruiting forces along with the recruiting forces that work for me. We are very optimistic that we can close out the year, not only in quantity, but in quality, for the outstanding Army National Guard.

Mr. MONTGOMERY. This question might have already been asked, but just a brief answer from each of our witnesses. On the active forces, are you having trouble in recruiting now qualified young men and women in the Army?

General STROUP. Sir, we are having greater difficulty in reaching contract signing. Prior to your arrival I had mentioned that in the early 1990's we were making 100 contacts for 1 contract to be signed. Today, in our active recruiting force, we have to go over 160 contacts to get a contract signed for a young American to join the active Army.

Put another way, it is 14 intensive interviews to reach 1 contract signed. Whereas, in the early 1990's, we were looking at nine interviews.

Mr. MONTGOMERY. If this question has already been answered then, Mr. Chairman, I will not make them answer.

General CHRISTMAS. Sir, in the Marine Corps, we are meeting our shipping requirements. That is, we are a little over 100 percent each month. Where our greatest concern comes, and as General Stroup has said, is in the propensity to enlist; it is difficult and it is making our recruiters work much harder.

Our greatest concern is in our contracting. That is, this is where we create our deployed entry pools which are used for future years. At this present time, we are about 91 percent rather than 100 percent.

The reason why this is important is that as we look out to fiscal year 1996, and in particular fiscal year 1997 where all of the Armed Forces because the drawdown will have been completed, and we will all be coming back up to try to get to a steady state, our accession requirements amongst all of the services will be at the highest level they have been.

We will all be competing against one another. If you have a pool, that pool helps you considerably. So, that is where our greatest concern is. As far as quality, we are making it, although in these months which we call the F-man months which is where the lowest propensity to enlist occurs throughout all of the services throughout the country, the quality slips a little bit, but then picks back up in the summertime.

Mr. MONTGOMERY. Admiral Bowman.

Admiral BOWMAN. Yes, sir, we are having exactly the same experience. We are making the shipping goals to boot camp. So, we are getting the right numbers into the boot camp. The new contract signers are difficult to get.

We are likewise experiencing a dip in quality. This happens every year. High school students are in high school. When they graduate, they will be ready to enlist and then quality will come up. All of our services, all four of us, are recruiting predominantly

from the work force today which tends to pull the quality down a little bit. We are overall on track.

Mr. MONTGOMERY. I am just one voice. I would certainly keep the quality up even though you have to let your numbers go down. You are going to get in trouble.

I was a company commander and I had a hundred people in my company. I had two—I'm not going to say what category they were, but I had more trouble with those two than I had with the whole 98 others. So, keep your quality up.

Mr. DORNAN. Would the gentleman yield?

Mr. MONTGOMERY. Yes, sir.

Mr. DORNAN. Just a follow-up question so it tracks in the record here. If you have gone up to 160-to-1 contacts to get a contract signed, could I get in the record if you know the figures or even the ballpark, what is happening in the other services? General Christmas.

General CHRISTMAS. It is at least that if not a little bit more. Our propensity is actually less than the other services. If you look at the propensity, the figures, about 10 to 12 percent are attracted to the Marine Corps. If you do some multiplication there, you will see a recruiter that we have out there is seeing even more.

Mr. DORNAN. Is that because the toughness image is perpetuated by your advertising, "a few good men?"

General CHRISTMAS. That perhaps is a part of it. It is just those who are attracted to becoming Marines.

Mr. DORNAN. And the Navy?

Admiral BOWMAN. It is about the same, sir. We are actually around 240 contacts per recruit right now. It is tough.

Mr. DORNAN. See the world doesn't work the way it did in the 1920's and 1930's because they know they may see too much of it for too long.

Admiral BOWMAN. That could very well be, yes, sir.

Mr. DORNAN. And the Air Force, given that they have always used education as an attractive recruitment tool.

General BOLES. The propensity is still down to come into the Air Force. The number of contacts is up. I can provide the exact number for the record.

Mr. DORNAN. Do you think it may be over 100?

General BOLES. Yes, sir, I believe it is. Another thing that comes into play here is that in the last few years, the number of high school graduates who are entering college has gone up from about 50 percent up to about 60 percent. That results in a smaller market from which to choose. There are several things that start coming into play there.

Mr. DORNAN. Mr. Tiahrt.

Mr. TIAHRT. Thank you, Mr. Chairman.

I think the importance of personnel is pretty obvious. You cannot use technology to win a war. We saw that in Iraq. We have seen it again in Bosnia. You have to have manpower. So, we want to make sure we have quality people. By service, how many people do you hire each year?

General STROUP. Sir, for this fiscal year, the Army will recruit for the active component 70,000 young men and women. That is a

misleading figure speaking for my service and I think for the other services as General Christmas has said.

We have paid for the drawdown by decreasing our hiring, like General Motors would decrease the hiring if they have to decrease their work force. I will experience an increase in the number of young men and women that we have to recruit to 86,000 next year and in excess of 90,000 plus in fiscal year 1997.

That will take us back up to our steady state for steady state replenishment when we reach our final end-strength of 495,000.

Mr. TIAHRT. General Christmas.

General CHRISTMAS. We normally will recruit between—this coming year it will be 37,000, but that will increase to approximately 42,000 in fiscal year 1997. Then that stays at that steady state.

The Marine Corps is a force of lance corporals and below. Forty-nine percent of our force are E-3's and below. That is our structure. You are turning those first termers out more frequently. Therefore, there is a larger number you must assess.

Mr. TIAHRT. Admiral.

Admiral BOWMAN. As a round number, our number is about 55,000 new recruits a year. It varied 1,000 or 2,000 last year, this year, next year. We intentionally leveled off and began recruiting at what we know will be the steady State requirement when we complete the drawdown. Unlike General Stroup, we will not see a big increase in requirements.

We are recruiting what will be required for the sustained number of about 394,000 end-strength in 1999. So, 55,000 is about our number.

General BOLES. In the Air Force, we are dealing at the present with about 31,500 in the Active Force and about 1,600 in the Guard and the Reserve, new accessions. I would like to enter another piece into this equation though. It is not just with the enlistees, officers are becoming increasingly difficult to attract.

We are recruiting about 5,000 officers this year. That number will get to 6,000 by the end of the decade. We are finding that in our ROTC units, ROTC is having trouble making the numbers that we are asking for and projecting at this time a small shortfall in 1995 and perhaps a shortfall in 1996 and in 1997 unless we take some increased action to increase scholarships to get more people interested and working within the colleges. Academy applications are down. It is not just an enlisted problem. It is also an officer problem within the Air Force.

Mr. TIAHRT. General, you were one step ahead of me. I guess maybe your 4 years of testifying is showing. I was going to ask about ROTC scholarships because I know the Air Force, at least in my district, is not filling their ROTC scholarships. I am trying to do my part to keep the academies at an optimal level by sending you quality people.

Admiral, is the Navy seeing the same thing with their scholarships?

Admiral BOWMAN. Surprisingly this year, we are seeing almost a doubling of overall applications for NROTC applications. I am happy to report that. We have likewise leveled out at 4,675 officer requirements per year from now through the end of the century.

So, we have already flattened it at the self-sustaining number that we will see when we come out of the downsizing. We are not experiencing that problem currently.

Mr. TIAHRT. General Christmas.

General CHRISTMAS. We have not experienced a problem as far as accessions of our officers at this time across our overall programs that we have. We have seen a decrease in the number of NROTC scholarships that we have given. We make that up in two other programs; our Platoon Leader Corps Program and our normal Officer Candidate Course Program. So, at this time, we are not witnessing a problem.

General STROUP. Sir, I will echo what General Boles said in the Air Force. First, on the military academy, we are seeing a decreased number of applications. We are still getting the quality numbers to get the appointment and get in.

However, in ROTC in the Army, I would like to describe our ROTC program. The "R" is a capital "R" because our ROTC Program compared to the other services provides a greater input into our two Reserve components; the Army National Guard and the USAR.

Our cadet command which leads, manages, develops, and trains are cadets in ROTC is experiencing difficulty in the number of people that are applying for scholarships and the number that are applying for a nonscholarship program.

We have been helped out in the past by the Congress, and in particular by this committee, in some National Guard programs. We are seeing a down turn in the number of young Americans that are interested in the ROTC Program. We are working hard to correct that with the number of programs.

Mr. TIAHRT. Thank you very much. I know that after "Top Gun", the recruitment for the Navy went up. Maybe the Air Force and the Army could get some kind of movie released similar to that. Thank you, Mr. Chairman.

Mr. DORNAN. Don't hold your breath. Hollywood, in general, is in an advanced state of culture destruction and making all of your problems worse. Don't look for anything to come out of that community unless the Family Channel, which is going into movie production comes up with something.

There is no doubt that people walked into Air Force offices and said, "I want to join the Air Force because of that great Air Force movie, 'Top Gun'." It didn't matter what service. People wanted to be helicopter attack pilots because of what they saw in the movie, "Top Gun," even it had its shaky moments. Our colleague, Duke Cunningham, was a technical adviser. So, it had more truthful moments than fanciful Hollywood imaginative flights.

Mr. Buyer of Indiana, the floor is yours.

Mr. BUYER. Thank you, Mr. Chairman. I have a list of questions I would like to submit to the record; questions 1 through 12. I would like to have them answered within 30 days.

They are in reference to the incidence of pregnancy and other medical evacuations from the U.S.S. *Eisenhower*. If you would please answer those in 30 days, I would appreciate that. I submit those for the record.

[The information referred to is included in the questions/statements submitted for the record:]

Mr. BUYER. It is a shame that Sonny Montgomery walked out, just when I was going to pay a little tribute to Sonny. Sonny Montgomery hit it right on the point in a debate last year over the President's National Service Program, AmeriCorps.

He talked on the House floor about what the impact is going to be upon a recruiting pool in this country when you create a program. His words fell on deaf ears that day. I don't know—everybody must have been out to lunch or doing something else. I am going to see if I can find the record of his testimony.

I think he was right on point. I think we had the sergeant major of the Marine Corps submit some testimony about AmeriCorps and its impact upon the recruiting pool.

When you have a program out there that gives greater benefits than the Montgomery GI bill, when you look at 2 years under the Montgomery GI bill benefits of around \$4,970 or something like that, compared to 2 years under AmeriCorps; and then you add in their cash benefits with child care and medical, it is around \$19,000. Now, try to compete.

When you look at someone out there they can say, well gee, if I can put in time down at the library and I can get \$19,000 in benefits or I can join the military and do all of that other stuff, why should I do that and get the risk? I will take the \$19,000 in benefits. It is a no-brainer.

So, I am not surprised at all that you come in and you have testimony with regards to there being some difficulty out there because that is a big chunk. Now that this President is giving some other form of access—well, I don't want to get into it. I'll jump on the President's case later.

Let me ask this question of you. Your recruiters have to be out there talking about this AmeriCorps and its impact. Do you have anything out there? What are your recruiters experiencing? What are they saying about AmeriCorps and its impact upon the recruiting pool?

General STROUP. Mr. Congressman, I can give you some anecdotal responses from traveling to Florida, Texas, California, and Michigan, dropping in on the recruiting force. I have specifically asked in my banter with the recruiters how tough things are, what is attracting?

The good news is that the education benefits the committee has given us, particularly Mr. Montgomery, are still the main attraction for the Army recruits to come in. I have also specifically asked in a nonstatistical way just what is happening? What impact does AmeriCorps have on your recruiting efforts?

I can tell you today as I am speaking or if you want to put me under oath, I cannot find a difference. I am sorry you do not want to hear that it seems from your line of questions. I cannot find an impact from the number of recruiters that I have talked to. I was worried about it when it came up. If it is impacting, I personally have not been able to tell in my contacts.

However, I will tell you, there is something screwy going on out there in the market from the standpoint that all of us are experi-

encing a propensity to go down. I cannot put the blame on AmeriCorps.

Mr. BUYER. I am not seeking to blame. There are a multitude of factors out there. General Christmas, have you seen anything?

General CHRISTMAS. I think that what the recruiters will tell you is anything; whether it be AmeriCorps, and I might add, those who are going to AmeriCorps are not normally those who are the type that would enlist in the Marine Corps. Whether it be AmeriCorps, I mean, it is just a matter of those who normally are the type. That is the honesty of it.

It is any kind of competition that the recruiter has is what the recruiter is rebelling against or, if you will, grouching about because it is awfully tough on all of the recruiters out there right now to find the accessions that all of the services need.

Mr. BUYER. Do you find that also, General Boles?

General BOLES. Yes, sir. I am not aware of any anecdotal evidence from the recruiters that this has been a problem with them.

Mr. BUYER. Let me jump into a different line of questioning. General Stroup, you are West Point; correct?

General STROUP. Correct.

Mr. BUYER. All of the rest of you are ROTC or naval ROTC; correct?

Admiral BOWMAN. Correct.

Mr. BUYER. You support ROTC; right?

General BOLES. Yes, sir.

Mr. BUYER. That would be a big positive yes. Do you support use of active duty officers as professors of military science in ROTC programs?

General STROUP. It is our bread and butter. The majority of our faculty is active, but we also have Guard and Reserve as part of our recruiting and training effort.

Mr. BUYER. I am interested in a collective opinion. That would all be yes?

General BOLES. I think it is important to do so, yes.

Admiral BOWMAN. Yes, sir.

Mr. BUYER. Since that is a strong positive yes, you see the benefit of what an active duty brings to an ROTC program.

General BOLES. Absolutely.

General STROUP. Absolutely.

Admiral BOWMAN. Yes, sir.

General CHRISTMAS. Yes, sir.

Mr. BUYER. As far as at the 4-year dedicated military schools, whether it is North Georgia, the Citadel, VMI, Norwich, you can add Virginia Tech or Texas A&M in there, do you feel that the active duty military officers and their presence provide a benefit to the Corps cadets?

General BOLES. Yes, sir.

General STROUP. Certainly.

General CHRISTMAS. Yes, sir.

Admiral BOWMAN. Yes, sir.

Mr. BUYER. At North Georgia, for example, right now Ike Skelton's son is a graduate of North Georgia. The professor of military science also serves a dual-hat function in a concurrent position also as commandant of cadets. Do you see that as a positive?

General STROUP. I believe there is value added.

Mr. BUYER. In other words, Lieutenant General Stroup, if I were to move legislation that would say that the superintendent of West Point or the commandant of cadets should be a retired general or a retired commandant, you wouldn't be too happy with that.

General STROUP. Sir, I am a Texas Aggie from graduate school and a baccalaureate military academy graduate and in either case, I would not be happy.

Mr. BUYER. So, your preference is for an active duty as the commandant of cadets. What I discovered looking at some history, if I can indulge, Mr. Chairman, according to the "History of the South Carolina Military Academy" by John Thomas, out of publishers Walker, Evans & Cogswell in Charleston, SC, 1893 page 463,

One of the most important changes made at the beginning of Colonel Coward's Administration as Superintendent was the creation of the position of Commandant of Cadets.

Up to this time, the Army officer detailed to the Citadel by the War Department was concerned only with the instruction of cadets in military science and tactics, but it was logically an important step to place him in charge of the interior discipline of the cadet corps. The officer who first filled this position was Lieutenant John A. Towers, United States Army, in October 1, 1890.

I would share with my colleagues here on this committee that since 1890 at the Citadel, only four officers, since 1890, have served as commandant who were not concurrently serving as professor of military science or aerospace science.

So, the history at the Citadel would be concurrent with your collective eyes that the active duty commandant would be a real benefit.

Mr. DORNAN. Would the gentleman yield just briefly?

Mr. BUYER. Yes.

Mr. DORNAN. I want to be courteous to Mr. Skelton here. If he has to go to the floor, I would interrupt you for just a minute and ask the admiral and generals to stay with us so you can pursue this a little bit further, if Mr. Skelton has no objection.

Mr. SKELTON. I am enjoying this. I will have a comment. I will make it now. I think that the folks at North Georgia College would be more than pleased to accommodate any other school to show them how it is done.

Mr. DORNAN. Right. Well, having had 4 years of high school ROTC and almost 4 in college, I thought I was going to miss the Korean war, so I dumped out of everything and became an aviation cadet and then caught up with ROTC graduates who were married, lived off the base, and played golf on the weekends while I was tucked in at night and drilled for the better part of a year.

I regretted not finishing college ROTC, but I have found the best and most motivational commandants that I had, full-time commandants, were active duty people. I am learning something here myself. I thought that we broke this only exception.

I had dinner two Friday nights ago with a very famous Bataan Death March survivor, Col. Eugene Holmes, of Arkansas ROTC fame; a 3½ hour dinner, very revealing, with his wife, himself, and with Congressman Jay Dickey's son who is in law school at Arkansas.

Of course, he was an active duty colonel, both at USF and at the University of Arkansas when he was commandant of the ROTC

sending lots of 2d lieutenants off from San Francisco and the State of Arkansas to die in Vietnam. I appreciate what you are saying and fully concur. We should try to keep active duty people at all of these schools, including your VMI. Go ahead.

Mr. BUYER. I would be more than pleased to yield to Mr. Skelton if he has to get to the floor. I probably have about 2 or 3 more minutes and wrap this subject up, Mr. Skelton.

Mr. SKELTON. No, go ahead please.

Mr. BUYER. Again, for your collective opinions, the advantage of an active duty commandant at these military schools, do you believe, would demonstrate to the corps of cadets a commitment of the active duty military to their deployment as future leaders of our country? Would all of you agree with that?

[All agree in the positive.]

Would you also agree that the advantage of an active duty commandant at these six military schools I mentioned would keep ROTC activities on the campuses and conserve resources by combining joint service programs and integrating requirements into the daily routine of the corps of cadets rather than competing for limited cadet free time? Would you agree with that?

[All in the positive.]

Would you also agree that the advantage of an active duty commandant would establish a standard that meets with the common need of the joint services programs, i.e., drill and ceremonies, customs and courtesies, physical training, standards of appearance, et cetera? Would you agree with that statement?

[All agree in the positive.]

Would you also agree that an active duty commandant of a corps of cadets would serve as a role model, a trainer, a mentor, and perhaps even a coach for the other junior active duty officers who are serving, whether it be a field grade or a company grade officer, who serve as tactical officers within the corps? Would you also agree that would an advantage?

[All agree in the positive.]

Would you agree that it is advantageous of an active duty commandant of these six schools would serve also as a role model who influences the cadets to make contracting decisions due to constant interaction and positive daily influence in cadets' lives?

[All agree in the positive.]

Would you also agree that the advantage of an active duty commandant of these six schools would provide direct oversight over the use security and care of military equipment on the campuses; whether it be their weapons, cannons, and vehicles?

[All agree in the positive.]

Would you also agree with this statement, that the advantage of an active duty commandant is that it provides the continuity between the science of leadership taught in the ROTC classes and the art of leadership practiced in the daily life of the corps of cadets? They can combine what is happening within the joint service from the active duty and teach that in a direct bloodline.

[All agree in the positive.]

Would you also agree that the advantage of an active duty commandant at these six schools represents an advocate for the current DOD positions on issues pertaining to current military mat-

ters discussed within the college administration and the Board of Visitors based on his presence and access?

[All agree in the positive.]

Would you also agree that the advantage of an active duty commandant at these six schools would develop the corps of cadets programs to meet performance shortfalls in real world leader development matters?

[All agree in the positive.]

Mr. DORNAN. Mr. Buyer, what are the six schools? Would you pass that to me?

Mr. BUYER. Yes. The six schools would be North Georgia, the Citadel, VMI, Norwich, Virginia Tech, and Texas A&M.

Would you also agree that the advantage of an active duty commandant at these schools facilitates the transition and training of cadets to active duty service during times of national mobilization?

[All agree in the positive.]

Would you also agree that the advantage of an active duty commandant at these schools facilitates the joint nature of a college campus which contains all four military services and teaches cadets how joint activities can work together rather than separately? That is back to the joint training.

[All agree in the positive.]

All four of you agree that the advantage of an active duty commandant would provide the military services with the opportunity to influence the strength of their programs on campus by selecting a representative who is highly visible to the cadets in their daily lives.

[All agree in the positive.]

Gentlemen, I agree with you also.

Mr. DORNAN. As does the chairman.

Mr. BUYER. Thank you, Mr. Chairman. I appreciate that. I think that the concurrent position of an individual serving on active duty as the professor of military science and as the commandant of cadets, that concurrent position has in fact produced generations of quality officers who serve the Nation proudly in times of peace and at times of war.

I am confident that a commandant who serves in both positions brings an active duty mentorship and perspective to the service commitment to a corps that a retired officer cannot offer.

With that having been stated, Mr. Chairman, I will put together legislation and move legislatively to make the commandant of these institutions an active duty officer. Thank you.

Mr. DORNAN. With your concurrence, the chairman would be honored to be an original cosponsor.

Mr. BUYER. Thank you, Mr. Chairman.

Mr. SKELTON. I would go a step further, Mr. Chairman, besides cosponsoring, which of course I am pleased to do. Incidentally, I had lunch today with the president of North Georgia College, with the active duty Army colonel commandant of the North Georgia College and with the superintendent of the Citadel.

I know that the president and the active duty Army colonel commandant of North Georgia College would be pleased to give any information to any and all of the other schools, including the Citadel,

concerning the way they operate their commandant's office under the active duty colonel's auspices.

Mr. BUYER. I appreciate that, Mr. Skelton. I will be in touch with you to contact the president and the colonel then of that corps of cadets. The Citadel and VMI for years, as I have stated, had an active duty and recently it has been removed. I appreciate that, Mr. Skelton.

Mr. SKELTON. His name is Edward M. Chamberlain III, colonel, U.S. Army, North Georgia College, commandant.

Mr. DORNAN. Mr. Skelton, if I could just ask a followup question about high schools and then the time is yours to close out these hearings.

Mr. SKELTON. Thank you.

Mr. DORNAN. There are high schools of some renown. I remember when Colonel Hawkins and I were in the Bulge, we had breakfast with our escort officer who had gone to New Mexico. What is it, New Mexico Institute?

Mr. SKELTON. New Mexico Military Institute; a 2-year junior college.

Mr. DORNAN. It had a high school and college.

Mr. SKELTON. That's right.

Mr. DORNAN. I know that Barry Goldwater, Sr., Senator of some fame, had said that the best military man he had ever served under was Gen. Alexander Patch who was retired and I believe commanding Staunton. Is Staunton in Virginia a high school? A military academy.

Some of these military academies would have a freshman year of college also. How many high schools are still maintaining that tradition and what about the Marine Corps Preparatory School at Texas? Is that still in operation?

General CHRISTMAS. The Marine Military Academy in Texas is still in operation. It has increased in size. It still has a long waiting list to attend. Equally, Mr. Chairman, the Marine Junior ROTC Program has increased tremendously each year within the high schools. The only restriction has been, quite frankly, limiting the numbers.

So many schools wish to have them right now. There is just so much in the way of funding and setting up the infrastructure for these schools and the like. That program has increased substantially.

Mr. DORNAN. That may be that the X-generation is asking something of our military services that the prior 1960's generation had forgotten about; the importance of this to our culture.

How many Army high schools still have this total student body ROTC structure?

General STROUP. Sir, I will have to give you the exact number.

Mr. DORNAN. Would you find that out for me?

[The following information was received for the record:]

ARMY JUNIOR RESERVE OFFICERS' TRAINING CORPS ACADEMIES

There are 29 high schools, classified as Military Academies or Institutes, in which the student body are all members of the Army Junior Reserve Officers' Training Corps Program.

General STROUP. What we do have that parallels both the Marine Corps and the Air Force; we have Junior ROTC in high schools. Some of our high schools are military high schools. The Commonwealth of Virginia has uniformed military high schools. They call themselves military academies.

I know the State of Missouri has some. The State of Texas does. I have visited DODDS schools overseas in Korea, in Belgium, in Germany where we have Junior ROTC that is a part of the curriculum, but the entire student body is not uniformed.

We have a mixture. We have a plan in the Army to reach a level of 1,400 Junior ROTC units across the Army, all of the continents that we serve on. We have the same enthusiasm for that program as General Christmas does in the Marine Corps.

Mr. DORNAN. I want to turn it to Mr. Skelton and then ask one recruiting question of all of you to close. Mr. Skelton.

Mr. SKELTON. Let me add to this, two blocks from my home in Lexington, MO, General, is a junior college as well as a Junior ROTC Program known as Wentworth Military Academy from which I graduated, two brothers, and three sons.

I might also point out, and you mentioned, Mr. Chairman, the Battle of the Bulge a few moments ago, that one of the division commanders who relieved the Battle of the Bulge, who captured the Remagon Bridge, and in the First World War received the Distinguished Service Cross by taking his engineering company across the Muse River under fire, was named Bill Hogue after whom there is a barracks named at Fort Leavenworth and a large building at Fort Leonard Wood, a Wentworth Military Academy graduate.

On active duty today is Maj. Gen. John Little, a Wentworth Military Academy graduate of the Junior ROTC Program. So, from today back through the generations, this school singularly, as well as the others of which Mr. Buyer speaks of, has made tremendous contributions to our national defense.

I have some questions, General Stroup. Sir, a while ago you spoke of the stretching and the stressing because of the personnel TEMPO of the Army. You testified that we have 532,000 soldiers today, and that we are also geared toward going to 495,000 soldiers today.

Let's forget and lay aside the two major regional conflicts strategy and just talk about the operational TEMPO of the personnel. You also spoke about—and the facts are that we are having a higher attrition rate in our basic training. Is that right?

General STROUP. Correct.

Mr. SKELTON. We also find that there is a lower propensity for young folks to enlist in the Army. Is that right?

General STROUP. That is correct.

Mr. SKELTON. Also, you spoke about the need to increase our number of accessions in the near future. Is that right?

General STROUP. Yes, sir.

Mr. SKELTON. At what point with the stretching, and the stressing, and the attrition, and the lower propensity to enlist, and the need for increased accessions, at what point does the Army become broken?

General STROUP. Sir, I think we can hold it together.

Mr. SKELTON. You think you can hold it together, though you will have more stressing?

General STROUP. Yes, I think——

Mr. SKELTON. More stretching?

General STROUP. There will be.

Mr. SKELTON. What if what happened in the late 1970's occurs—that many of them vote with their feet and your quality as well as quantity get out? What happens then? Will you be able to hold it together?

General STROUP. At the moment, my retention is outstanding. One would not expect that. If I look at the 10th Mountain, which is our division on the road over the last 18 to 24 months, retention in that division for young soldiers re-enlisting, particularly the first termers, is higher than one would expect. We are doing something right.

Mr. SKELTON. Good. General, I hope you will feel free because it is our duty—there is a little sign down here in front of us, it is our duty to do our best to see that those things don't happen. I am concerned not just for your service, but for the others. Similar questions will be put to them.

I hope you and your colleagues here will never hesitate to tell us how to make it better; whether it be quality of life or other improvements to attract and keep. I will underline both of them. Keeping, as you just pointed out, is just as important.

I don't want to see anything broken. If anything, let's make it better. I hope you will feel free, sir, to contact us and say, help, when that time comes.

General STROUP. Sir, you can count on us, I know we can count on you, and we will certainly do that.

Mr. SKELTON. Well, as Harry Truman used to say, "I'll do my damndest".

General STROUP. Thank you, sir.

Mr. DORNAN. Gentlemen, just as a closing. I did have questions on sexual harassment prevention and alcohol abuse prevention. I was drawing my questions from your excellent statement, Admiral Bowman.

If I could ask for, not a complicated report, but a very brief report, more or less a one-page briefing paper, from your excellent staff people on how we are doing with alcohol and drug abuse in all of the services. I anticipate it is still a good report.

[The following information was received for the record:]

ALCOHOL AND DRUG ABUSE

The Army recognizes that the abuse of alcohol and the use of illegal drugs by military and civilian personnel are inconsistent with the high standards of performance, discipline, and readiness necessary to accomplish the Army mission.

The mission of the Army Alcohol and Drug Abuse Prevention and Control Program (ADAPCP) is to enhance combat readiness and the fitness and effectiveness of the Army's total workforce, by providing alcohol and drug abuse deterrence through alcohol and drug testing, prevention education and training, identification, and rehabilitation. It is a decentralized, installation based, commander's/supervisor's program that serves soldiers, civilian employees and family members.

Public Laws 92-129 and 91-616 mandate alcohol and drug rehabilitation programs for military and civilian personnel respectively. ADAPCP services are afforded to Active Component soldiers, concurrent to appropriate administrative, judicial or separation actions. ADAPCP services are also provided to civilian employees, family members and retirees. The incidence of ADAPCP enrollment by soldiers has been steadily declining, over 40 percent during the past five years. The rehabilitation success rate consistently remains over 80 percent. In FY 94 some 11,000 soldiers and 2,000 Army civilian employees received assistance.

An aggressive urinalysis drug testing program, combined with mandated policies serve as a powerful deterrent to illegal drug abuse in the Army. Military drug positive rates declined from a high over 10 percent in FY 83 to 0.83 percent in FY 94. Civilian drug positive rates fell from 0.62 percent in FY 87 to 0.21 percent in FY 94.

Alcohol abuse is the Army's primary substance abuse problem. Between 80 to 90 percent of ADAPCP enrollees enter the program for an alcohol problem. Alcohol related indiscipline, while on a downward trend, continue to impact unit readiness and welfare. To combat this impact, Army policy prohibits activities that glamorize alcohol consumption, mandates separation processing for rehabilitation failures and states that soldiers involved in serious instances of alcohol related misconduct will be considered for separation.

ADAPCP prevention education and training is a command responsibility and a critical function which seeks to reduce the negative consequences of alcohol and/or drug abuse. Military personnel receive basic alcohol and drug abuse awareness education at service schools, during special events and at annual unit training. Supervisory personnel receive additional training regarding specific supervisory responsibilities pertinent to the ADAPCP. Alcohol and drug awareness seminars are recurrently offered to the civilian workforce.

The Adolescent Substance Abuse Counseling Services (ASACS) program provides a comprehensive prevention education, identification and treatment program for all military children in supported OCONUS (Europe, Korea, Japan, Hawaii and Alaska) communities. Over 11,000 adolescents and their family members have been involved in the program since its inception.

NAVY ALCOHOL ABUSE PREVENTION AND TREATMENT

The Navy is not immune to the social problems faced by our society at large. One of these problems, alcohol abuse, accounts for a large proportion of Navy's accidental deaths, and is strongly connected with suicide, sexual assault and family violence. Alcohol is the single most abused drug for Sailors under the age of 25.

To combat alcohol abuse, the Navy has developed some of the finest treatment programs in the world. We have made progress in reducing alcohol abuse and treating alcoholism and have continued to increase our prevention efforts.

In FY94, over 10,000 Sailors were evaluated at Navy Counseling and Assistance Centers, due to either self-or command referrals. These Sailors and their commands were advised of the appropriate level of education or treatment needed. This "triage" approach directly contributes to unit readiness by returning Sailors to full duty as expeditiously as possible.

Two new education programs have been developed to specifically support the concept of individual responsibility to avoid abusing alcohol:

- "Alcohol Aware" - a half-day indoctrination presentation which covers the impact, risks and rules associated with the use of alcohol.
- "Alcohol Impact" - a first-offender intervention education program covering alcohol's impact on the Navy, the individual and family members; the full range of drinking patterns; healthy lifestyle alternatives; and personal assessment of alcohol's impact on a Sailor's life.

A video presentation, LISTEN TO THE VOICES, has been produced and distributed to all commands for use in local education and training programs. This video describes alcohol-related accidents Sailors and their families have experienced.

Alcohol deglamorization has been a focal point for Navy efforts to prevent alcohol abuse. Working through our Morale, Welfare and Recreation system, Navy clubs now feature many other top-line events in order to de-emphasize the idea of the club as primarily a place for drinking.

Awareness of the problems associated with alcohol abuse is acute throughout the Navy chain-of-command. Current regulations hold individuals strictly accountable for their actions, with swift consequences for alcohol-related transgressions. Prevention programs are in place to teach our Sailors the impact of abusing alcohol and aid them in making the right decision regarding drinking. We also offer treatment programs, from one-on-one counselling to in-patient care at a variety of rehabilitation centers, to reach our Sailors who need help and restore them to full and productive careers.

NAVY ACTIONS TO COMBAT DRUG ABUSE

The Navy continues to aggressively combat the use of illicit drugs through a wide variety of educational and prevention programs. Our progress in this area is well documented. According to the DOD Worldwide Survey of Substance Abuse and Health Behaviors among Military Personnel, drug abuse among Sailors dropped from 33% in 1980 to 4% in 1992. We expect the 1995 survey currently in progress will show a continuing decline in drug abuse.

The key to our success to date has been an aggressive drug testing program, coupled with zero tolerance for drug abuse. In FY94, over 1.6 million specimens were tested in our Navy laboratories. A positive test leads directly to mandatory separation processing. 2,491 discharges for drug abuse resulted from the FY94 test results.

To improve the sweep and effectiveness of our testing program we lowered the screening and/or confirmation levels for all drugs tested at Navy Drug Screening Laboratories without increasing the risk of false positive tests.

As with every other program, effective training is the key to success. With our Alcohol and Drug Abuse Managers/Supervisors (ADAMS) course we are able to give our key leaders and supervisors the necessary guidance and information to run effective drug abuse prevention programs in their units. To help reach our younger Sailors, those most at risk for abusing drugs, the Personal Responsibility and Values Education and Training (PREVENT) course was developed. In FY94 over 40,000 Sailors were trained in the importance of making responsible choices in every area of their lives, and, in particular, the importance of avoiding drug use.

The Navy's drug abuse prevention programs are conducted throughout the organization and are a proven success. We will continue to build on our past efforts and improve our ability to educate Sailors, while maintaining a vigorous testing policy to detect those who abuse drugs.

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14 Mar 95				HS-03-013		

Alcohol and Drug Abuse

Question: Please provide a short, one-page paper on how the Services are doing with alcohol and drug abuse.

Answer: The Air Force is pleased with its continued progress in reducing the abuse of alcohol and the illicit use of drugs. Although the 1995 Worldwide Survey of Substance Abuse and Health Behaviors Among Military Personnel has not yet been published, the last survey (1992) indicated a continued improvement in the reduction of all indicators of potential drug problems. In addition, the estimated Air Force levels in most areas were consistently and statistically significantly lower than the other Services. This was true even after the estimates were adjusted to correct for the fact that the Air Force active duty population is older, has more education, and is more often married than the populations of the other Services.

The chart below, derived from the 1992 Worldwide Survey data, gives the percent of active duty members who reported using illicit drugs within the year prior to the respective survey and the percent of those reporting a pattern of heavy alcohol use. The accuracy of the drug use data are confirmed by our random drug urinalysis program which had .067 percent positives for 1992 and .064 percent positives for 1994. We are pleased with the continued downward trend but are still focused on driving these percentages even lower.

	1980	1982	1985	1988	1992
Any Drug Use:	23.4	16.4	7.2	3.8	2.3
past 12 months					

Heavy Alcohol Use:	14.3	17.7	16.4	14.5	10.7
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To accomplish a reduction in the percentage of personnel with drug or alcohol problems, we are incorporating reduction of alcohol use and illicit use of drugs into our overall Health Promotion and Preventive Medicine Program. With this change, patients will receive regular evaluations of their current use patterns and referrals for further evaluation, skill training, rehabilitation, or treatment as appropriate. The Air Force is dedicated to the continued reduction of the level of alcohol and illicit drug use.

HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON MILITARY PERSONNEL

HEARING ON: PERSONNEL OPTEMPO

14 MARCH 1995

INSERT FOR THE RECORD #1

PAGE 111 LINE 2531

Chairman Dornan: If I could ask for a, not a complicated report, but a very brief report, more or less a one-page briefing paper, from your excellent staff people on how we are doing with alcohol and drug abuse in all of the services. I anticipate it is still a good report.

General Christmas: The Marine Corps policy toward drug abuse offenders is that all Marines, regardless of pay grade, confirmed as having used or possessed illegal drugs, will be processed for administrative separation for misconduct, by reason of drug abuse. The drug use problem has been greatly reduced over the last 15 years by the urinalysis program and preventive educational programs. Alcoholism in the Marine Corps mirrors that of the civilian population. It affects about 10 percent of our Marines. It not only impacts on the individual Marine, but extends to that Marine's unit, family, and community. The combined effect degrades our military preparedness and impacts negatively on our quality of life.

Our substance abuse prevention program is both proactive and reactive. It focuses on preventive education, early identification and intervention, and treatment. Every Marine is required to participate in substance abuse training at least annually. In addition, Headquarters Marine Corps sponsors 18 one-week seminars in substance abuse for Marine leaders and 50 three-day substance abuse information courses. The urinalysis program not only identifies our drug abusers but has proven to be a great deterrent to the use of illegal drugs within the Marine Corps. We also sponsor a health promotion program called "Semper Fit 2000." In this program, we emphasize the advantages of healthy lifestyles, which include stress management and preventing alcohol and drug abuse. For those in need of treatment, we offer comprehensive outpatient treatment services in coordination with various counseling resources at our 18 Substance Abuse Counseling Centers located at each major installation. Marines diagnosed as alcohol dependent are provided treatment at Navy alcohol rehabilitation facilities.

Mr. DORNAN. And then on sexual harassment, I noticed in your report, Admiral Bowman, that you have a Navy 800 line. Do any of the other services have an 800 line?

General BOLES. We are installing one now.

Mr. DORNAN. Good. Maybe your experience will be the same as the Navy's, General Boles, that the majority of almost all of the 2,000 calls received so far have requested policy guidance. It hasn't even kicked into any anger factor or revealing any problems.

Here is what I would like to close on, and where you can help us to help you. Your recruiters appear to need help. Recruiter satisfaction from your own DOD survey is down to 31 percent from 45. Recruiters by nature, I guess, never get over 50 percent because they have one of the toughest jobs in the military.

The one stunning statistic that I take away from this because I had sold real estate in my youth and actually sold the dreaded water softeners. I am almost proud to say that I never sold a single lot in Madero Ranchos. I always wanted to sell the coast between Los Angeles and San Diego.

My uncle invested in Madero and I just couldn't sell one acre. I never got a person to sign the contract for a water softener. Although they said I was the best salesman they had, when it came time to close, my heart wasn't in it, because I knew they had other things to spend their money on.

Contract signing, any salesman will tell you, closure is everything. I cannot believe going from 9 to 1 in that euphoric promilitary period after the gulf war to 160 contacts. Not only is it expensive, but most people would quit sales work if they could only sell 1 out of every 160 contacts they make.

I think a used car salesman would quit. A new car salesman would quit if out of every 160 people who walked in the showroom he could only get 1 to buy a new car. If they come in the showroom, that means that your advertising is working or your showroom is so well-placed and so attractively mounted with balloons or whatever that people come in.

This survey appears to present at least two levels of serious problems. Recruiters with bad attitudes do not make good recruiters. If you would just comment a little bit in a written response how you are addressing that and also on the availability of adequate resources.

I was talking to my staff. What does that really mean? Does that start with the high-powered commercial about a few good men, a few good women, or the Army, what's the great expression, "Be all you can be." You can't do better than that, "Be all you can be."

When he was talking about Brig. Gen. Bill Hogue, sometimes a good command to a platoon is so simple that you don't know how to turn it into a Rangers lead the way. Hogue's command to Carl Timmerman, his platoon leader was, "Lieutenant, cross that bridge."

That is not a bad term I guess for an engineering unit. Build that bridge. Cross that bridge. Timmerman did it and across the bridge they went with his platoon sergeant 50 years ago, March 7th.

I would like to ask each of the personnel chiefs in writing to tell us what additional resources you would require to be certain in

meeting your recruiting goals in fiscal year 1996. We will try and find some account to carve those resources out of.

I would like to ask you if there are any initiatives that you would recommend—this is now a subcategory of that quality of life that all of the chiefs of our services find so important. How do we enhance the quality of life of our recruiters? An increase in special duty assignment pay, which we may need?

[The following information was received for the record:]

RECRUITING

For FY96 the Army resourced USAREC in recruiter support and advertising dollars to achieve its active component accession mission. However, due to resource constraints, USAREC has not been funded \$6.5M for automation and communications support needed to leverage scarce manpower resources. In addition, the USAR currently projects a shortfall of \$4.4M in FY96 for advertising. It is not clear at this time that we will be able to reprogram funds internally to cover the combined \$10.9M shortfall.

Yes, an increase in special duty assignment pay (SDAP) is definitely needed. Established in 1985, SDAP is provided by Section 307, Title 37, United States Code, at a rate of \$275 maximum per month. In 1985, \$275 represented a realistic incentive for soldiers to perform extremely difficult duties or duties involving an unusual degree of responsibility in a military skill. The Secretary of Defense authorized SDAP for recruiters due to the uniquely difficult demands of recruiting an All Volunteer Force (AVF). SDAP has not been adjusted since 1985. Its value has decreased over the years due to inflation while the demanding nature of recruiting has intensified. In the next few years, Army recruiters will face unprecedented demands to successfully accomplish higher recruiting missions in the face of a lower propensity for young males to enlist. There are fewer soldiers electing to become permanent recruiters, causing a void of experience in Station Commander positions. Good, solid leaders are returning to their Primary MOS rather than convert to the Recruiter MOS due to the increased stress of recruiting duty. For example, in FY92, 420 detailed recruiters elected to convert to the Recruiter MOS. In FY94, the number dropped to 276, and in FY95 only 75 detailed recruiters have requested to convert to the Recruiter MOS through the end of March 1995. An increase in SDAP will help retain recruiter leaders, ensuring that experience and leadership are in place as mission increases. The Army would support increasing SDAP to \$386 in 1996, which provides the same purchasing power as \$275 did in 1985. Increasing SDAP to this level will require approximately \$650,000 in FY96. However, we cannot pay SDAP unless resourced for this unprogrammed expenditure.

RECRUITING GOALS

The two primary resources we use to generate accessions are manpower and advertising. The following additional resources are considered necessary to meet recruiting goals in FY96:

Expanded advertising. Advertising is half of what it was in 1990. Radio advertising is a proven, economical media to reach the targeted, recruitable market. In March 1994, we ran our first paid radio ad campaign in over four years. The result of the first month of radio advertising was a 300% increase in potential prospect leads compared to the previous months business. Due to the increasing difficulty in recruiting experienced so far in FY95 and the forecast for even greater challenges in FY96, Air Force Recruiting Service is reassessing their budget requirements. We've increased the FY95 funding by \$2.5M. In the FY96 President's Budget, we fully funded all known recruiting requirements; however, increasing recruiting challenges indicate an additional \$6M is now required.

Expanded manpower. Recruiting Service is adding additional production recruiter authorizations to the field from unfilled overhead positions. This fiscal year, we're hiring 75 prior service applicants to recruit in hard-to-fill geographic areas. We're augmenting field recruiters with "blitz" teams from the headquarters to generate leads.

QUALITY OF LIFE FOR RECRUITERS

Air Force is looking at ways to improve recruiters' quality of life:

Leased and Base Housing. We are taking action to increase the availability of leased government housing in high cost areas and to provide priority base housing.

Special Duty Assignment Pay (SDAP). We are working with the other Services to explore tying SDAP to pay raise increases—this will motivate more individuals to apply for recruiting duty and more recruiters to stay. It will also alleviate the financial burden many of our recruiters reported in the most recent recruiter survey.

Recruiter Hiring. We have received authority to hire 75 recruiters from the prior service market for assignment to our hard-to-fill areas. This will relieve some of the pressure on the current recruiting force, which is forced to pick up the slack.

Health care. Cost and availability are the major quality of life problems for our recruiters assigned away from military installations. We need to explore innovative ways to improve the health care of our members and beneficiaries assigned outside the limits of military installations.

Out of Pocket Expenses. Recruiters are authorized reimbursement for out of pocket expenses, not to exceed \$75.00 per month. We are looking to get an increase in out of pocket reimbursements for recruiters.

Toll and Parking Fees. Many of our recruiters cite excessive toll and parking costs in their areas—we're looking at ways to reduce or eliminate these costs.

Home Basing Program. We've instituted a red carpet treatment for recruiters and their families when visiting a military installation. Prioritized billeting, medical appointments, and complimentary open mess passes are part of the red carpet treatment we provide to recruiters.

Loss of Annual Leave. The most recent recruiter survey revealed many recruiters lost part of their annual leave. We're working hard to ensure recruiters are able to take, as a minimum, a full 30 days of leave annually.

Working Hours. The recruiter survey also indicated many recruiters are working excessive hours. Part of the reason for this is that Air Force recruiters enlist more applicants than any other branch of the Armed Forces. As we increase the number of recruiters on the force, we expect this will reduce their working hours.

Child Care Costs. Child care is an overwhelming concern. Due to the fact most recruiters are not near a base, they are unable to take advantage of child care facilities at military installations. We recommend providing child care assistance to families over and above what they would normally pay on a military facility.

Spouse Support Programs. Considering the average recruiter is 60 miles from his/her supervisor, it is difficult to have an effective spouse support program. We are looking at ways to improve spouse support.

Education and Training. Education and training are key elements of a successful sales force. Increased education and training will reduce recruiters' work hours.

Sales Comprehension Test. We've instituted the Sales Comprehension Test for all new recruiter applicants. This test is a proven predictor of sales ability, and will reduce attrition from the recruiter sales force.

Question. This survey appears to present at least two levels of serious problems. Recruiters with bad attitudes do not make good recruiters. If you would just comment a little bit in a written response how you are addressing that and also on the availability of adequate resources.

General CHRISTMAS. The problem sir, is not really one of recruiters with bad attitudes. It is simply a situation of good military people who, as you recognize, are assigned to one of our very toughest jobs. For most of them recruiting duty is a completely new and unique experience. The unfamiliar military duty, long hours, isolation from military support facilities, and demands of their mission, not surprisingly, combine to induce stress. We are working to alleviate that stress and boost levels of satisfaction with the duty in a variety of ways. Marine recruiters thrive when they are: assigned attainable missions, properly resourced, well trained, lead, and managed. We have identified areas which need improvement and resourcing is definitely one of them. Adequate resources are even more critical as we continue to face adverse market conditions. Unfortunately, we face a funding shortfall of \$6.8 million in our FY96 O&M,MC Recruiting and Advertising Budget. Currently, the Marine Corps is unable to source these additional funds.

Question. I would like to ask each of the personnel chiefs in writing to tell us what additional resources you would require to be certain in meeting your recruiting goals in fiscal year 1996. We will try and find some account to carve those resources out of.

General CHRISTMAS. To ensure confidence in accomplishing the FY96 recruiting goals, the Marine Corps needs a \$6.8 million adjustment to the O&M,MC Recruiting and Advertising Budget. Additionally, adjustments to the MPMC, O&M, MCR, and RPMC appropriations would bolster our college fund and enlistment bonus incentives, boost advertising for the Reserves, and allow for a modest increase in the Recruiter Aide Program. Finally, as already mentioned, quality of life of our recruiters does need attention.

Question. I would like to ask you if there are any initiatives that you would recommend—this is now a sub-category of that quality of life that all of the chiefs of our services find so important. How do we enhance the quality of life of our recruiters? An increase in special duty assignment pay, which we may need?

General CHRISTMAS. Yes sir! We need an increase in Special Duty Assignment (SDA) pay for two important reasons: (1) SDA pay is for duties which are especially demanding. I don't recall recruiting duty ever having been more demanding. Consequently, we need to affirm to military recruiters, in a meaningful way, that their duties and the welfare of their families are important. And, that we have an interest in supporting them, and (2) SDA pay has not been adjusted since 1985. While the demands of the recruiting environment have increased, the effects of SDA pay has shrunk because of inflation. Based on authorized escalation factors, we need to regain the meaningfulness of the pay levels for FY96. Beyond that, we have an obligation to provide our recruiters with a quality of life which is comparable to that of other Servicemen and women. With most recruiters and their families living remote from a military base this is difficult. As a consequence of a joint Service study on recruiter quality of life, OSD plans on taking the lead on such important recruiter issues as health care, housing, child care, and CONUS COLAs. Health care for recruiters and their families continues to be a major concern. One solution would be to waive CHAMPUS co-payments and deductibles for recruiter families when they are assigned distant from a military medical treatment facility. Other no-to-low cost forms of assistance would help. Before the advent of recruiter voter registration responsibilities, 60 percent of them felt that paperwork interfered with their ability to make recruiting goals. The additional time and paperwork associated with voter registration represents more of a burden on recruiters. Aside from that, almost 40 percent of our Nation's high schools do not provide recruiters with high school directory information. Recruiters need lists to succeed. When schools refuse to cooperate, recruiters are faced with an ethical dilemma. Passage of a bill like H.R. 142 would help recruiters and send an important signal affirming Congressional support for the all volunteer force.

Mr. DORNAN. This is tough separating from that wonderful family feeling you get on a post, on a base. I noticed that there is a huge backlog in your statement, General Boles, about 39,000 people want to move onto base. I always wanted to live on the base when I was in the military.

I felt that was a part of being in the military family. My wife loved being on the base and felt isolated out in the community, particularly when she was pregnant. I had three in a row my whole 3 years of active duty. Flying was good for me; an increase to special duty assignment pay. That is an important one.

And then maybe special CHAMPUS health care coverage. Anything we can do for these recruiters, because I repeat quite seriously, Hollywood is not going to help you. Tom Clancey cannot do it all by himself writing great novels.

Maybe the answer is in upping our advertising budgets. We are open to your suggestions. We will try and respond. As you can tell, on both sides of the aisle you have a very gung-ho subcommittee here that wants to bend over backwards to help you accomplish your goals.

I listened very carefully to what Sonny said, a young commandant in the 12th Armored Division I believe. We discussed it on the D-day, 50th commemorative, that two bad apples can destroy an entire unit or eat up all of your administrative costs. Again, thank you for all of your testimony.

If you could have your chief staffers touch bases with me here right before we adjourn because I want to kind of keep this low profile. I have a question that refers back to the last Ides of March that I might want a personal response from you in writing, since a certain retired Army general told me what the key question

should be when it comes to people who have an illness that came from violating the Uniform Code of Military Justice.

I will ask your staffers to give me a written confidential memo on that.

What was handed to me by Steve Buyer, I signed on board. It generally had to do with the *Eisenhower* and I added all other ships in the line. It has to do a lot with pregnancies, both pregnancies before they ship out, after they ship out, damage, possible damage remote as it might be, to fetuses at certain stages of development from toxic materials, from aviation vibration.

I don't even know if a woman is grounded from a fighter job pulling Gs. It cannot be all that great in the later months of pregnancy. I don't even know what month women ground themselves from flying duty when they are pregnant. How many months to recovery until they are fully flight qualified or ship board qualified again?

There are a whole series of questions. I think they really are excellent. That one will require little bit longer answers than some of these on recruiting.

[The following information was received for the record:]

GROUNDING OF PREGNANT ARMY AVIATORS

From the date of pregnancy diagnosis until delivery, and unless aeromedically contraindicated, the logical flight surgeon may recommend limited flying duties. The flight surgeon's recommendation must have the concurrence of the obstetrician and patient consent. Rotary-wing aircrewmembers may perform temporary flying duties restricted to Synthetic Flight Training Simulator and ground run-up duties. Fixed-wing aircrewmembers may fly multi-engine, non-ejection seat, fixed-wing aircraft with dual-pilot status and cabin altitude less than or equal to 10,000 feet. Flight duties of any kind are considered too risky prior to 12 weeks and following 25 weeks gestation. Aircrewmembers are further prohibited from all flight duties upon delivery through complete recovery, normally 4-6 weeks.

The Army policy effected January 93 and revised December 94 allows the pregnant aviator to maintain a higher level of training and proficiency and expedites her return to unrestricted aviation service.

Mr. DORNAN. Any final thoughts from this distinguished panel?

General STROUP. Thank you, sir.

General CHRISTMAS. Thank you very much, sir.

Admiral BOWMAN. Thank you, sir.

General BOLES. We thank you very much, sir.

Mr. DORNAN. Thank you, General.

Admiral BOWMAN. I would like for the record to reflect that the Navy also has Junior ROTC.

Mr. DORNAN. They sure do. It certainly paid off in World War II. I am going to look carefully at this list of high schools. Final question. Are there any active duty people that run high school ROTCs the way they used to?

General STROUP. Not in the Army, sir. They are all retired.

Mr. DORNAN. Even at Harlingen Marine Corps Academy.

General CHRISTMAS. Retired.

Mr. DORNAN. Even down there. Well, that's not too bad because you can then search for the quality and some combat time maybe in your retired force to motivate these young people.

Again, the Hollywood concept of this is a spinoff of George C. Scott's, General Patton's portrayal in a very bizarre movie called *Taps*; a high school ROTC unit run amuck.

Thank you very much, gentlemen, I really did appreciate your testimony. We all did.

[Whereupon, at 4:25 p.m., the hearing recessed.]

[The attached questions/statements were submitted for the record.]

QUESTION 1: Secretary Pang and RADM Tracey, it is clear from your testimony that the Department, and specifically the JCS, wants to make the new knowledge about PERSTEMPO available to decision makers. In the future, what is your vision for how this information on personnel tempo will be integrated into the decision process for military and civilian leaders throughout the Department?

ANSWER. Expanding our knowledge on the scope and impacts of PERSTEMPO will significantly enhance the ability of Department's leadership to make more informed decisions toward achieving a proper PERSTEMPO balance. In a larger sense, this gained knowledge could have potential force structure and total force mix implications in the future. Once PERSTEMPO systems are established, I envision that the additional information will be used on a routine basis.

QUESTION 2: For example, will personnel tempo information be made available to operations officers so that their decisions can be more sensitive to personnel tempo issues?

ANSWER: Yes, that is clearly the way we expect the Service systems to work. The Navy's system has been operating in that fashion for nearly ten years. As the other Service's systems come on line, they will provide similar opportunities.

QUESTION 3: Will this information be mandatorily reviewed by leaders in other areas such as systems acquisition, force structure development, family support programs, and compensation programs?

ANSWER: Because personnel are our number-one resource, personnel factors are currently integrated into the decision-making process in all of these areas. The establishment of PERSTEMPO systems will ensure a better understanding of the effects of deployment rates on our personnel and ultimately enhance our ability to manage personnel wisely.

QUESTION 14: The General Accounting Office (GAO) found in a December 1994 report that greater efficiency and considerable savings could be achieved by restructuring the recruiting business. One statistic that caught my eye was that 50 percent of recruiting offices produce 13.5 percent of the recruits.

I appreciate the need to recruit from all areas of the country, but I question why there is a need to have a recruiting office at locations where the number of potential recruits is limited. It would seem that technology would offer new recruiting techniques that would allow a smaller number of recruiters to cover large rural areas very efficiently.

- Wouldn't restoring a balance in the quota expected of recruiters improve recruiter quality of life, improve the record for achieving goals, and perhaps produce savings overhead?

ANSWER: The GAO counted accessions only from counties where recruiting offices are located. Throughout the middle Southern states, Midwest, and West (not including the Pacific coastal areas) there are far fewer recruiting stations than counties. Therefore, many recruiters already do cover large rural areas. The GAO report also does not consider the cost difference in maintaining recruiting offices in different parts of the country. For example, to move a recruiter from Southern Kansas to a large metropolitan area may not be cost-effective because of the great increase in the expenditures required to support the recruiter compared to the marginal increase in recruits that would result.

In addition, the number of recruiters and the location of recruiting offices are based in large part on the population of potential recruits. All Services rely on market analysis to estimate market potential and distribute recruiters to productive recruiting areas. Some of the considerations used in determining suitability of the location of recruiting offices include convenient access to mass transportation, high pedestrian traffic, good visibility, and proximity to schools and other areas where target populations congregate.

The Department has begun a project through the Joint Recruiting Facilities Committee (JRFC), working with the Defense Manpower Data Center and Service market analysts, to evaluate the relative cost effectiveness of recruiting offices. This effort is expected to evolve into an integrated information support system for Service and JRFC resource decisions. The initiative, which should be completed by July 1995, will be linked with an ongoing project to explore the feasibility of consolidating recruiting support activities (i.e., telecommunications, transportation, automated data processing, etc.).

QUESTION 18: Mr. Pang, you mentioned that the burden of deployments has not been spread evenly across the force. Personnel assigned to LAMPS helicopters, Patriot batteries, and A-10 aircraft, for example, have been among those most stressed by the increased tempo of operations. Do you propose any legislative remedies to any of these specific job skills most effected by this tempo?

ANSWER: Legislative remedies are not being considered at this time. The Services are working the problem of high deployment rates affecting these units using a variety of actions. For example, A-10 squadrons in support of the Bosnia mission are deployed to Aviano Air Base, Italy. Each deployment lasts about three months. The Air Force is using volunteers from A-10 Air National Guard and Reserve squadrons to supplement the deployment requirements.

Mr. Dornan: Sec Pang and Adm Tracey, it is clear from your testimony that the Department, and specifically the JCS, wants to make the new knowledge about perstempo available to decision makers. In the future, what is your vision for how this information on personnel tempo will be integrated into the decision process for military and civilian leaders throughout the Department?

Admiral Tracey: We envision this system being used in at least two ways, both similar to the way Navy uses its system today. First, it can be used as a planning tool to determine rotation patterns for units involved in deployed operations. A planner, using this information, could ensure that deployments are shared equally among like units and establish an equitable rotation pattern. Secondly, Services can use the perstempo data, coupled with training and retention information, to determine an acceptable range of deployment rates and apply their many force management tools to make adjustments.

Mr. Dornan: For example, will personnel tempo information be made available to operations officers so that their decisions can be more sensitive to personnel tempo issues?

Admiral Tracey: This is exactly how we envision the Service systems working. As the Navy system does today, operations planners ensure that long range ship deployment rates as well as near term crisis response deployments do not arbitrarily exceed Navy guidelines. In the event of unforeseen circumstances, there is a mechanism for exceptions; but, these are very few and decision makers make these decisions with the foreknowledge of the impacts. Once the other Service systems have matured, we expect they will provide a similar level of visibility.

Mr. Dornan: Will this information be mandatorily reviewed by leaders in other areas such as systems acquisition, force structure development, family support programs, and compensation programs?

Admiral Tracey: People, and how we treat them, play in the decision process in all these areas today. The establishment of perstempo systems will give us a better visibility on the effect of deployment rates on people.

Mr. Dornan: Admiral Tracey, you indicate that one of the techniques for reducing the operations tempo of active units is to use reserve units with similar capabilities to spell the active forces, or to employ host nation contracts for needed services? What can you tell us about the cost effectiveness of that strategy?

Admiral Tracey: We recognize that managing the perstempo of the Active forces is important in the retention of highly-trained personnel. We intend to use Reserves in those areas where we must offset high Active Component perstempo. Employing Reserve forces in flexible combinations of inactive duty training, annual training, and active duty for training will maximize utilization of already budgeted training dollars, and capitalize on Reserve component capabilities while maintaining their

mission readiness. There will be minimal cost increases associated with the need to rotate Reserves. These will be more than offset by the benefits gained in readiness of the reserve forces and the avoidance of costs associated with the loss of Active component personnel.

Mr. Dornan: Has JCS studied the implications for such a strategy on the availability of reserve units? For example, what legislative changes to the reserve call-up authority would be required? What effect would greater use of reserves have on reserve recruiting and retention? And what effect would greater use of reserves have on employer support?

Admiral Tracey: The Joint Staff participated in an ASD(RA) working group which studied impediments to the increased use of Reserves to support operational missions and concluded that no legislative changes are required to the Reserve call-up authorities. Although there is no data available to study the effect of the increased use of Reserves we have had positive experiences with the Air Force utilization of Reserve volunteers in support of airlift operations and Navy utilization of reserves in mutual support operations. We are aware that we are breaking new ground. It is important that the process -- which includes the, Joint Staff, CINCs, OSD and Services (Active and Reserves) -- continue to monitor recruiting, retention, and employer support and provide as much planning time as possible for the reservists and their employers.

Mr. Dornan: Does the need to use the reserves on a more routine basis suggest that the force structure requires revision to meet the new challenges of national security in the 1990's?

Admiral Tracey: The force structure was based upon the requirement to respond to two near-simultaneous major regional contingencies (MRC). An inherent assumption in our drawdown planning was the ability to rely on greater use of Reserves even in operations less demanding than an MRC. We plan to utilize Reserves on a more frequent basis, in many cases because they bring highly specialized skills better maintained in the civilian environment. In cases where we find it prudent to use Reserves to reduce Active component perstempo, we foresee a twofold benefit: more sharply focused operational training for reserves and relief for our active component personnel. Our analysis to date indicates this will be necessary only for selected skills.

Before we contemplate significant changes to the force structure mix in order to meet the required operations short of MRCs, we should be sure that we have used all the tools available to us, such as cross-service substitutability, global sourcing or reserve augmentation. Services perstempo systems will help us in that process.

PERSTEMPO LINKED TO FORCE STRUCTURE?

Mr. Dornan: During the joint hearing with the Readiness Subcommittee on March 7 and the testimony today, witnesses have clearly made the connection between force reductions and increased operations tempo. Admiral Bowman's statement today included a chart that demonstrated the relationship between a smaller force structure and an increase in operations tempo. I have noted that of the top five units with the highest deployment intensity in the Marine Corps, two are helicopter units and two are engineering units. Could each of the Personnel Chiefs give their personal view as to what percentage of increased tempo is a result of reduced force structure?

General Stroup: The Army has downsized by approximately 28 percent since 1991 at a time when operational deployments have been on the increase. While that would intuitively indicate a higher impact on the remaining forces, there is no specific PERSTEMPO percentage available. We have just begun capturing data and have insufficient data to determine trends or specific impacts.

Mr. Dornan: Could each of the Personnel Chiefs give their personal view as to how the mix of units and capability within the force structure should be changed to reduce operations tempo?

General Stroup: Since the Army has just developed the PERSTEMPO tracking system, we have insufficient data to determine trends and impacts. Current indications point to transportation units, however, operations other than war, by definition, may involve totally different types of units conducting a variety of different operations. It will therefore be difficult to specifically associate the need for particular units in the force structure.

NO TRACKING OF INDIVIDUALS?

Mr. Dornan: The written testimony today suggests that the Air Force may be the only service that intends to develop a system to track PERSTEMPO on an individual basis. General Christmas' statement did explain how the accumulated deployment time system is monitored to ensure marines are treated equitably in the assignment system, but there is still the threat of an individual being treated unjustly in the deployment process. General Stroup and Admiral Bowman, what is being done to protect individuals in the Army and the Navy?

General Stroup: The Army has personnel policies in place to minimize soldier and family turbulence by precluding soldiers from being reassigned to another installation upon return from deployment. Length of stabilization is linked to length of time deployed and varies from 120 days to a year upon return to home station. There are also policies that will grant a soldier short tour credit based on the length and location of his deployment over a given period of time. This in essence resets the overseas rotation clock and allows the soldier and his family to have more stability. This does not preclude the soldier from redeploying with his/her unit in another contingency operation, should the need arise. However, we are spreading requirements. As an example, we are rotating units into Haiti that have not been previously deployed. We have already replaced the 10th Mountain Division with the 25th Infantry Division from Hawaii, a unit which had not been previously tasked. We are using volunteer reservists to reduce deployment burdens from the active component such as the volunteers from the Army National Guard's 29th Infantry Division currently deployed to the Sinai as part of the Multinational Force and Observers (MFO) task force. We are also using civilian contracting to back-fill military personnel requirements such as those that assumed the humanitarian mission in Rwanda, and the contract civilians replacing low density support personnel such as logistics specialists and linguists currently needed in Haiti. We are replacing heavily deployed Military Policemen with combat arms soldiers for Migrant Security operations. We will continue to take all feasible actions to spread deployment requirements across the Army but with the recognition that some units and soldier specialties, by virtue of their mission and skills will be required to deploy more frequently than others.

ARMY NOT MEASURING TRAINING TIME?

Mr. Dornan: Gen Stroup, I understand the Army as part of its new PERSTEMPO formula is not attempting to measure the amount of time a unit spends away from home for training. Isn't absence away from home a problem that factors into unfavorable PERSTEMPO trends?

General Stroup: Most soldiers join the Army because they want the challenge and adventure associated with deployments. Just as too much time away from home can cause problems, too little can be equally detrimental. The new PERSTEMPO system will capture time away from home that is primarily operational but will also include major training deployments such as Team Spirit and Bright Star as well as mission support deployments such as migrant operations. These deployments are normally in addition to routine training requirements and will be examined to determine if there are associated unfavorable PERSTEMPO trends or indicators. However, normal training requirements have always been part of our business and should not be captured as part of the burden placed on the soldier.

BASIC TRAINING ATTRITION IS UP!

Mr. Dornan: All the services have experienced increased first term attrition and attrition from basic training since the late 1980s. This is an expensive problem since GAO estimates that it costs \$20,000 to replace an individual who is separated early.

The increase in first term attrition is perhaps understandable in a drawdown, but I have to believe you are as distressed as I am with the increase in attrition from basic training.

I found it interesting that, with the exception of the Air Force, the rates appeared to fluctuate up and down from year to year. Some would suggest that these fluctuations stem from a routine management practice of "adjusting" the attitudes of drill instructors to make lower attrition a priority objective.

Would each of the Personnel Chiefs please give their perspective of the cause for higher attrition from basic training?

LTG Stroup: The Army has realized a 3.5% increase from FY90 to FY94 in attrition rates from Basic Training. Entry Level Separations (ELS) and Existed Prior to Service (EPTS) as reported by the training base and as outlined in AR 635-200 account for approximately 85% of the attrits. However, it should be noted that there was an increase in attrition in all attrition categories (FY90-94). We have not yet pinpointed the underlying causative factors for these increases. I have taken the lead along with assistance from the Recruiting Command and Training Command to determine the causative factors for the increased attrition rates and map out a strategy to take corrective action.

SUICIDES AND SPOUSE ABUSE UP?

Mr. Dornan: All the services have experienced an increase in the suicide rates since 1990, and that the Army and the Air Force have seen an increase in spouse abuse since 1990. Is increased perstempo part of the explanation for these unfavorable trends?

LTG Stroup: No. There is insufficient PERSTEMPO data available to evaluate suicide and spouse abuse trends. PERSTEMPO is a fairly new concept with only new reporting data. Sufficient data must be collected to establish trends and requirements before PERSTEMPO policies are established. The actual number of substantiated spouse abuse cases declined by 283 cases from fiscal year (FY) 1993 to FY 1994. There has been a moderate increase from 13.5 to 14.5 suicides per 100,000 soldiers since 1990. The Army's leadership considers the increased suicide rate a primary concern and have implemented aggressive suicide prevention and awareness training, regulations and procedures.

PERSONNEL

Mr. Dornan: General Stroup, you mentioned in your testimony that the propensity of today's youth to enlist in the Army is the lowest it has been in ten years, falling by nearly 40 percent since 1991. Do you propose any legislative remedies to this situation, such as expanding the highly successful Hometown Recruiter Assistance Program also mentioned in your testimony?

Lieutenant General Stroup: The 1994 Youth Attitude Tracking Survey (YATS) reveals that positive propensity to enlist has declined among young males by 39 percent from 1989 to 1994. The Hometown Recruiter Assistance Program is projected to expand in the near future to better assist recruiters by returning quality young soldiers to their hometowns and hopefully will assist in improving the propensity to join the Army. We are currently trying to determine if legislative changes are needed to combat this decline. The Army's more robust advertising campaign should help to turn this downward trend around, but only time will tell due to the lag effect of advertising. Potential changes we might need in legislation would deal with incentives to enlist, primarily the Army College Fund and Enlistment Bonuses. We already have submitted a request to make permanent the Army College Fund Plus, or "2+2+4", Program, wherein a recruit signs up for two years in the Regular Army followed by two years in the Selected Reserve followed by four years in the Individual Ready Reserve to earn the Army College Fund benefit. Congress authorized this program in 1989 as a test program and the results bear out the need to make it permanent as it successfully supports the recruiting effort for both the Regular Army and US Army Reserve. We are currently analyzing all of our programs and resources to determine the best means to achieve our outyear missions at the least cost.

RETENTION--IS THE DRAWDOWN MASKING A PROBLEM?

Mr. Dornan: Could all the Personnel Chiefs please comment on whether or not they are comfortable with their current retention trends given the potential that the drawdown has masked trends?

LTC Stroup: There is no indication at this point that the drawdown has masked trends. Current Army retention trends have been as expected and remain strong. Frequently deploying units have been closely watched for negative retention rates, but to date, units such as the 10th Mountain Division have retained soldiers at or above the Army average. As long as family programs and training receive strong support, retention should remain viable.

Mr. Dornan: Could all the Personnel Chiefs please comment on the Marine Corps suggestion that the "mindset" has changed and what they are doing to combat that shift in attitude?

LTC Stroup: There is still apprehension resulting from the drawdown. The Army has managed to ease some of those concerns through the news media, internal electronic and print media and through the chain teaching program which was specifically designed to tell soldiers how the drawdown process was to be achieved. The Army has managed to keep the quality force we have today because soldiers have confidence in their leaders, and in the commitment of their leaders' efforts to improve their quality of life.

Mr. Dornan: Could all the Personnel Chiefs please comment on the risk that we will face a retention crisis once the drawdown is complete?

LTG Stroup: We can diminish any risk by a commitment to provide soldiers and their families with the peace of mind that comes from knowing that housing, child care, realistic training and adequate pay continue to receive the highest priority from leaders at all levels. A retention crisis will not occur as long as the government and its leaders stay committed to the quality of life factors affecting the soldier regardless of the mission at hand.

PERSTEMPO LINKED TO FORCE STRUCTURE

Chairman Dornan: During the joint hearing with the Readiness Subcommittee on March 7 and the testimony today, witnesses have clearly made the connection between force reductions and increased operations tempo. Admiral Bowman's statement today included a chart that demonstrated the relationship between a smaller force structure and an increase in operations tempo. I have noted that of the five units with the highest deployment intensity in the Marine Corps, two are helicopter units and two are engineering units. Could each of the Personnel Chiefs give their personal view as to what percentage of increased tempo is a result of reduced force structure?

Admiral Bowman: Increased tempo is directly related to our force structure. In fact, in the aggregate, force structure is the denominator and requirements the numerator in measuring operational tempo. It is due to this relationship CNO is taking action in FY96 to retain some of the ships previously planned for decommissioning and will seek to keep several more in the out years, to reach, as a floor, the Bottom Up Review structure of 346 ships in 1999.

While current data suggests that, for the short term, Fleet-wide personnel tempo (PERSTEMPO) appears to be in balance with our global commitments, the relationship is heavily dependent on our force structure. If, in the PERSTEMPO equation, we have a constant or increasing number of requirements in the numerator and a decreasing number of ships in the denominator, our tempo will inevitably increase.

Adequate force structure is the key to a reasonable PERSTEMPO for our Sailors. We cannot control external events that may require response by Naval forces, but we are taking positive steps to ensure our force structure is better sized to deal with unforeseen contingencies.

Chairman Dornan: Could each of the Personnel Chiefs give their personal view as to how the mix of units and capability within the force structure should be changed to reduce operations tempo?

Admiral Bowman: We are taking steps to improve our scheduling of training and deployments and are also examining tailoring our carrier battle groups to reduce PERSTEMPO and improve quality of life.

Changes recently announced by CNO include more predictability with fewer ships assigned to carrier battle groups, but with the ships permanently assigned; reorganization to place ships with similar missions together; tailored tactical training and more training en route to forward deployments; and finally, more time at home, with an expected three more weeks in homeport in an average year.

NO TRACKING OF INDIVIDUALS?

Chairman Dornan: General Stroup and Admiral Bowman, what is being done to protect individuals in the Army and the Navy?

Admiral Bowman: We believe the PERSTEMPO guidelines we have used since 1985 do protect our individual Sailors. In a recent Center for Naval Analysis study of a carrier battle group (ten thousand personnel), numbers showed that the PERSTEMPO as measured on a unit basis closely matched that of the Sailors when measured on an individual level.

We believe, however, that one of the measures of PERSTEMPO, because of its five year window of assessment, is not really meaningful to our Sailors. Their concerns are centered on what the ship has just done, when and where the ship is going next, and, what is the resulting impact on the family .

As a result, we are considering a new measurement program HOMETEMPO, with the Sailor as the primary focus. HOMETEMPO would provide a more readily understood method of measuring time in homeport over a shorter period of time - i.e., one deployment cycle (normally 18 months) as opposed to PERSTEMPO (measured over five years).

It is also important to note that the Navy rotates personnel between duty stations based on the needs and desires of the individual, both personal and professional, as well as the needs of the Navy. By the work of the detailers in the Bureau of Naval Personnel, we strive to prevent assignments of Sailors who have recently returned from one deployment to a ship or squadron that may be about to deploy.

At the operational staff level, we also watch very carefully any Temporary Additional Duty (TAD) assignments to support a deploying unit to ensure the personnel involved are not being unduly tasked with excessive periods of underway time.

Through the combination of our Quality of Life measurement, PERSTEMPO, and our concern for the individual in the assignment process, we provide a great deal of protection to individuals against excessive PERSTEMPO.

GAO SAYS RECRUITING NEEDS RESTRUCTURING

Chairman Dornan: The General Accounting Office (GAO) found in a December 1994 report that greater efficiency and considerable savings could be achieved by restructuring the recruiting business. (a) One statistic that caught my eye was that 50 percent of recruiting offices produce 13.5 percent of the recruits.

I appreciate the need to recruit from all areas of the country, but I question why there is a need to have a recruiting office at locations where the number of potential recruits is limited. (b) It would seem that technology would offer new recruiting techniques that would allow a smaller number of recruiters to cover large rural areas very efficiently.

(c) Wouldn't restoring a balance in the quota expected of recruiters improve recruiter quality of life, improve the record for achieving goals, and perhaps produce savings in overhead?

Admiral Bowman: (a) We agree that this was an area of significant potential efficiencies. In fact, Navy Recruiting has been embarked on a steady improvement plan to increase effectiveness and take advantage of every possible efficiency since 1988. Recently, we completed reductions in our infrastructure that took Recruiting Command from six to four major recruiting areas, 41 to 31 recruiting districts, and 2,150 to 1,283 recruiting stations. Contrary to the GAO report, for Navy the bottom 50 percent of these stations account for more than 30 percent of our contracts. Our data show that many of these smaller stations, with their low overhead costs, are actually quite cost effective. We continually monitor the productivity of all our recruiting stations. When they are judged to

have insufficient market to sustain adequate productivity, they are reduced in size and/or closed.

(b) As a result of the recent efficiency reviews and organizational changes, rural areas are currently covered by a smaller number of recruiters. In fact, the typical recruiting territory for recruiters located in rural territories is several times larger than for recruiters working in urban or suburban territories. Although teleconferencing, internet, and interactive cable TV offer possibilities for the future, there is no real alternative to face to face contact between a recruiter and prospect. Current surveys indicate that the recruiter contact is the most important factor in over 70 percent of enlistments.

(c) In the past we did use a system based on individual recruiting goals, but shifted to a team-oriented approach in 1990 that has proven to be far more effective. Individual recruiting goals was perhaps the biggest stressor on recruiters and most negatively affected recruiters quality of life. The significant increases in individual recruiter morale, effectiveness and efficiency we observed in 1991-1993 can be attributed to our shift away from individual goals.

We do, however, recognize the danger of setting individual region or station goals either too low or too high and possibly undermining work incentives. Consequently, our recruiting goals are monitored continuously, reviewed and adjusted and the statistical models upon which goals are based are frequently improved and updated.

BASIC TRAINING ATTRITION IS UP

Chairman Dornan: All the services have experienced increased first term attrition and attrition from basic training since the late 1980s. This is an expensive problem since GAO estimates that it costs \$20,000 to replace an individual who is separated early.

The increase in first term attrition is perhaps understandable in a drawdown, but I have to believe you are as distressed as I am with the increase in attrition from basic training.

I found it interesting that, with the exception of the Air Force, the rates appeared to fluctuate up and down from year to year. Some would suggest that these fluctuations stem from a routine management practice of "adjusting" the attitudes of drill instructors to make lower attrition a priority objective.

- Would each of the Personnel Chiefs please give their perspective of the cause for higher attrition from basic training?

Admiral Bowman: I agree that any loss occurring in basic training is a matter of great concern and that the issue merits significant attention from every level in the chain-of-command.

What our data shows is that Navy's basic training attrition rate has averaged 11.2% over the last six years. We are very close to that level today, but have seen a slight increase to about 12.5%. We attribute this increase to one of the results of the current recruiting market - our new recruits spend a minimal amount of time in the Delayed Entry Program prior to the start of basic training. Consequently, we have less time to deal with medical and legal problems and prepare recruits for the rigors of boot camp prior to the start of basic training.

To tackle this problem, and lower basic training attrition as much as possible, we have undertaken a number of initiatives. The CNO has chartered an Accession Quality and Attrition Executive Steering Committee to address Navy-wide attrition. This group is working closely with the Military Entrance Processing Stations to improve prior-Service screening. I have also set in motion a mentoring program to accelerate Service acculturation to compensate for the decreased time in the Delayed Entry Program.

Our proactive measures to reduce attrition at boot camp continue at RTC Great Lakes. We have implemented the Counseling and Assistance in the Recruit Environment (CARE) program to provide assistance and counseling services to recruits. Additionally, a Recruit Evaluation Unit was created to provide psychological coping skills to those new recruits who exhibit problems early in the training cycle. A special Recruit Convalescent Unit was also created to aid recruits in the recovery from minor medical problems and reenter training.

As you can see, we are taking many steps to keep our basic training attrition as low as possible. This area is one to which I will pay particularly close attention.

SUICIDES AND SPOUSE ABUSE UP?

Chairman Dornan: All the services have experienced an increase in the suicide rates since 1990, and that the Army and the Air Force have seen an increase in spouse abuse since 1990. Is increased PERSTEMPO part of the explanation for these unfavorable trends?

Admiral Bowman: I agree that this is a crucial area of concern that we must watch carefully. There is no greater tragedy I must deal with than when one of our Sailors commits suicide. Since 1988, we have set in place, and continually improved, suicide prevention policies throughout the Fleet and our shore establishment. What our data show is that Navy's suicide rate has actually remained fairly steady since 1992, approximately 11 per 100,000 annually. The national suicide rate for a group of similar age, racial and ethnic mix as the Navy is about 20 per 100,000 annually.

When we investigate the reasons for these tragic losses we find the primary contributing factors remain constant regardless of PERSTEMPO. These factors include alcohol abuse, relationship failures and disciplinary problems. Our suicide prevention program training focus is on these issues and is provided to our Chaplains, Family Service Center counselors, medical personnel and is part of general military training at individual units.

Just as with suicides, Navy's rate of spouse abuse has remained fairly constant since 1992. We do not believe that PERSTEMPO is a primary contributor to incidents of spouse abuse. There has been, in general, enhanced awareness throughout our society of spouse abuse and we have improved our programs and reporting procedures to deal with this issue.

GENERAL SHEEHAN ADVOCATES REQUIREMENT BASED DEPLOYMENTS?

Chairman Dornan: Admiral Bowman and General Christmas, General Sheehan, Commander-in-Chief, U.S. Atlantic Command, suggested in a January 1995 interview that the Navy, and the Marine Corps presumably, should start to structure deployments around requirements and

not deploy just because the schedule calls for a deployment. He indicated that the deployment duration should also fit the requirement and not be a standard six months in duration. This would seem to be quite a departure from current procedures. What is your view of this proposal? What is your rationale for maintaining the standard deployment schedules as they are today? Does the Navy or Marine Corps anticipate a change in the future?

Admiral Bowman: The President, in the National Security Strategy of Engagement and Enlargement, reaffirmed that our Naval forces will remain engaged overseas, able to rapidly project decisive combat power in protection of vital U.S. interest, property and citizens. To accomplish these goals, a robust forward naval presence is required.

The Navy's ability to operate without restrictions at sea in international waters makes it the preferred choice for employment in the world's troubled regions. The Unified Commanders are able to call upon our forward deployed Naval forces for response across the spectrum of joint operations - from peacetime training through major regional conflict.

Our current deployment structure is based upon the requirements of the Unified Commanders as stated in their individual planning documents and validated in the Joint Strategic Capabilities Plan. These current requirements, for both continuous forward presence and crisis response, in the various theaters even now exceed the capability of our force structure to support. I see no evidence that these requirements will change any time in the near future, and, consequently, I do not anticipate our current deployment patterns will change.

General Peay, Commander-in-Chief Central Command, stated the case well when he testified before you on 23 February, "Forward presence demonstrates US commitment, strengthens deterrence and facilitates transition from

peace to war... the carrier battle group (CVBG) and the amphibious ready group (ARG) with its Marine Expeditionary Unit have continued to be the mainstay of naval operations in the Central Region throughout the year."

The six month deployment standard we have established represents a fine balance between crucial Quality of Life factors and operational requirements. Our Sailors and their families can sustain six month deployments with at least a year in between major deployments. If we lengthened deployments, or shortened the time between deployments, I am certain we would adversely impact morale and retention.

In summary, current deployment schedules are firmly based on supporting the warfighting requirements of the Unified Commanders. We limit these deployments to six months, and ensure at least a year between deployments, to meet minimum Quality of Life standards for our Sailors. I am certain the requirement for forward deployed Naval forces will remain a key element of our National Security strategy; our deployment schedules will continue to support this national tasking.

Chairman Dornan: Admiral Bowman, you mentioned in your testimony that the Center for Naval Analyses (CNA) found that lower personnel retention resulting from higher tempo of operation could be offset by increasing pay. How much, in your opinion, must pay be raised to offset current retention problems?

Admiral Bowman: First, let me say that I don't believe we have an overall retention problem: current retention is sufficient to fill all operational billets. But I do agree that pay changes are a definite factor in influencing retention.

The number one concern for our Sailors is pay. Surveys show this to be the primary reason for Sailors not reenlisting. While the FY96 budget request contains a fully funded 2.4% pay raise, the highest allowable by law, our Sailors know we are not keeping pace with the current cost of living.

As a detailee from 1980 to 1982, I saw firsthand the very positive effect on morale -- and subsequently on quality retention -- stemming from the large "catch-up," Congressionally supported, pay raises in 1980 and 1981.

What is most important is to prevent a retention problem from occurring in the first place. We need to provide competitive pay raises, sustained career opportunities, and improved Quality of Life (including PERSTEMPO) to continue to meet our overall retention goals.

RETENTION--IS THE DRAWDOWN MASKING A PROBLEM?

Chairman Dornan: All of you in your prepared statements acknowledge that retention is difficult to assess at this point because the drawdown may be masking negative trends. The Marine Corps cites the "mindset" of service members has perhaps shifted to view separation as the first option, as opposed to reenlistment. In fact, all the statements would suggest that the big challenge may be changing attitudes about the job security of a military career.

Admiral Bowman, the reenlistment numbers for the Navy over the last three years reflect a downward trend--first term and career rates have each dropped over 6 percent since 1992 (first term 56.2% to 52.5% and career rates 81.5% to 76.1%). Admiral, I know you have become concerned about these trends--I have seen the major article on reenlistment in a recent Navy Times.

How big a problem is retention in the Navy? Did the drawdown cause the retention rates to drop to meet Navy requirements?

Admiral Bowman: I do not believe we have a major retention problem today. We have closely monitored the effects of an aggressive downsizing program with respect to retention, and I am satisfied with the results. Lower retention rates during the drawdown have been driven by our downsizing initiatives. These initiatives have been effective in drawing down our force without the necessity for a RIF. These drawdown initiatives (VSI/SSB/TERA/Early Separations) have indeed masked true retention proclivity but have not hidden a retention problem.

After the drawdown is completed, we will need to return to pre-drawdown retention behavior to satisfy long-term requirements for experienced personnel. The Center for Naval Analyses, in a recent study, noted that recent retention, without congressionally mandated drawdown targets, would be roughly comparable to what it was in pre-drawdown years.

All that said, since the middle of 1994, CNO, MCPON and I have made concerted efforts to shift the focus of our personnel policies from the "Drawdown" to "Staying Navy." So, yes ... it is correct that I want to ensure we are beginning now - early - to pull back on the drawdown stick. Retention, or lack of retention, is a big inertia snowball. I want to get it

rolling in the right direction even before the drawdown is complete. Therefore, at the Bureau of Naval Personnel, we are very much back in the business of helping Sailors look to a future in the Navy. As a result, questions from the fleet are now more about pay, advancement and educational opportunities and much less about separation incentives.

Competitive pay raises, advancement opportunity and improved Quality of Life (including PERSTEMPO), will continue to be key factors in the effort to return retention to the levels required when we reach our steady state force level in FY98/99.

Chairman Dornan: Could all the Personnel Chiefs please comment on: whether or not they are comfortable with their current retention trends given the potential that the drawdown has masked trends?

Admiral Bowman: I am comfortable with our current retention and do not believe there is a hidden retention problem being masked by our drawdown policies. However, I am watching this very closely and talking about it with our Sailors a lot. Due to the complexity of factors influencing retention in recent years, the Center for Naval Analyses (CNA) was tasked to analyze recent retention behavior. CNA found that recent retention would be roughly comparable to what it was in pre-drawdown years without our drawdown policy. Most of the decline in retention has been either the direct result of drawdown policies (VSI/SSB, early-outs) or the indirect result of the drawdown (advancement slowdown).

We will continue to very closely monitor retention trends as we come out of the downsizing and shift our focus to rightsizing for the steady state force of FY99.

Chairman Dornan: Could all the Personnel Chiefs please comment on: the Marine Corps suggestion that the "mindset" has changed and what they are doing to combat that shift in attitude?

Admiral Bowman: Since the middle of last year, CNO, MCPON and I have made concerted efforts to shift the focus from the "Drawdown" to "Staying Navy". We are back in the business of helping Sailors look to a future in the Navy. As a result, questions from the fleet are more about pay, advancement and educational opportunities and less about separation incentives.

Competitive pay raises, continuing career opportunity and improved quality of life (including Perstempo) will continue to be key factors in the ongoing effort to put the drawdown behind us.

We are aggressively spreading the "Stay Navy" message through senior staff visits, the CNO Information Team, and articles by the Navy Times and others, keeping Sailors informed about available opportunities and future plans.

I believe our message is being heard in the Fleet. In the last eight months, since CNO, MCPON and I have been spreading the word that it's time for our best to "Stay Navy", we have seen re-enlistment rates begin to increase across the board. I will continue to press this issue hard and am confident that I will be able to report to you next year at this time that, as far as our Sailors are concerned, the drawdown is a thing of the past.

Chairman Dornan: Could all the Personnel Chiefs please comment on the risk that we will face a retention crisis once the drawdown is complete?

Admiral Bowman: I do not believe we will face a retention crisis once the drawdown is complete. But I am happy that you and your Committee appreciate our problems in this area. I have talked to our Sailors, openly, about this since becoming Chief of Naval Personnel. Since the middle of 1994, the year of the largest number of unreplaced losses for the Navy, we have been "putting on the brakes... smartly" in anticipation of shifting the retention dynamics to support the steady state force level when the drawdown is complete.

Over the past eight months, CNO, MCPON, and I have made a concerted effort to change the message to the Fleet from encouraging some good Sailors to leave to actively seeking the best to "stay Navy". We have begun to see our efforts bear fruit; re-enlistment rates are increasing across the board.

Our actions support our message: advancement opportunity is up, more money is available in Selective Re-enlistment Bonuses (SRBs), voluntary separations are down. We are ahead of the power curve on having retention where it needs to be when the drawdown is complete.

INCIDENCE OF PREGNANCY AND OTHER MEDICAL EVACUATIONS FROM THE USS EISENHOWER

Chairman Dornan: How many personnel assigned to the USS EISENHOWER on its current deployment took voluntary or involuntary discharges prior to the deployment?

- How many men? women?
- How many married? single or dual-service parents (male or female) with custody of children?
- How many officers? enlisted?

Admiral Bowman: Our records show 784 personnel (4 officers and 780 enlisted) from USS EISENHOWER and the Air Wing separated from the Navy in the six months preceding the deployment. Of those, 776 were males and 8 were females. A breakdown by marital status of the total 784 separated would be 264 married members and 520 single members. Thirty-two (32) of those were single parents, and two were dual-service couples with dependents.

Chairman Dornan: What were the reasons for those discharges; i.e., convenience of government, hardship/dependency, pregnancy or childbirth, medical disability, etc.?

Admiral Bowman: The discharges prior to EISENHOWER'S deployment can be broken down as follows:

<u>Number</u>	<u>Reason</u>
536	Completion of service
125	Disciplinary related
76	Medical/physical (does not include pregnancy)
26	Drug/alcohol related
8	Hardship
7	Parenthood
1	Pregnancy
2	To accept a commission
1	To attend school
2	Performance
784	Total

(Note that this data reflects discharges from Naval Service and does not include transfers.)

Chairman Dornan: Of those called upon to deploy with the EISENHOWER but who did not, how many were men? women?

- How many were married? single? single or dual-service parents (male or female) with custody of children?
- How many were officers? enlisted?

Admiral Bowman: There were a total of 276 personnel transferred from the USS EISENHOWER and the Air Wing prior to deployment who were not scheduled to depart. Of these, 247 were male, 27 were female, 108 were married, 106 were single, and 32 were single or dual-service parents with children. All were enlisted.

Chairman Dornan: How many men and women have been evacuated from the USS EISENHOWER to date, and for what reasons?

- Are there any pregnant women remaining on the carrier?
- If so, how many?
- What is the marital status of the pregnant women?
- If single, will they be required to identify the father in order to qualify for maternity benefits?

Admiral Bowman: Since the beginning of deployment, 143 personnel have been evacuated, to date, from the EISENHOWER and the Air Wing. The number of personnel and the reason evacuated from the ship since the beginning of the deployment is as follows:

<u>Number</u>	<u>Reason</u>
3	Member disqualified for duty
1	Humanitarian
48	Medical (other than pregnancy)
14	Pregnancy
77	Disciplinary
<u>143</u>	

We are not aware of any pregnant servicewomen remaining on the carrier. Navy policy requires pregnant servicewomen on deployed ships to be transferred ashore at the first opportunity, for further transfer to CONUS.

Of the three crewmembers who became pregnant after the ship deployed, two were married and one was single. Pregnant servicewomen are eligible for medical treatment for themselves and the unborn child without having to identify the father. The Navy's responsibility is to ensure the health of its Sailors and provide access to the best medical care available. Once the child is born, this medical care is extended to the child just as it is to every other family member of our active duty Sailors.

In addition to necessary medical care, Basic Allowance for Quarters (BAQ) is authorized to provide satisfactory living arrangements for the Sailor and the newborn upon discharge from the hospital. The Sailor can start drawing BAQ at the twenty week point of the pregnancy to ensure she is still physically able to establish a household and avoid having to do this during the convalescent period following birth. As with eligibility for medical care, eligibility for BAQ is not dependent on identification of the father. Our concern is for the welfare of the Sailor and her child.

Chairman Dornan: Of the men and women evacuated from the Eisenhower for medical reasons or pregnancy, how long will each of the evacuees be absent from sea duty?

Admiral Bowman: For pregnancy, the servicewoman is eligible to return to sea duty (and is expected to do so) four months after delivery of the baby. The exact time away from sea duty is dependent on the stage at which the pregnancy is medically confirmed and the actual delivery dates. Generally the time away will be 11 to 12 months. We are removing pregnant women from deployed units immediately upon confirmation of pregnancy.

For medical reasons other than pregnancy, each case is handled individually. If the period of hospitalization and treatment is expected to last less than 30 days, the Sailor is assigned ashore for treatment and returns to the EISENHOWER when medically fit for duty. If the period of treatment is expected to be greater than 30 days, the Sailor is reassigned to a shore command convenient to the location where medical treatment will be provided. EISENHOWER would then report an unplanned loss has occurred to initiate the replacement process.

Chairman Dornan: Were replacements found for personnel who took discharges prior to deployment, or who failed to deploy?

- Have replacements been brought on to the USS EISENHOWER to replace those recently evacuated?

Admiral Bowman: Yes, replacements were found for Sailors who were discharged prior to deployment and for those who failed to deploy. The EISENHOWER continues to report personnel readiness as C1, indicating that manning fully meets requirements to carry out all operational tasking. Replacements for those recently evacuated will be provided through our normal assignment process.

Chairman Dornan: Have any pregnancies been terminated (abortions) among women assigned to the Eisenhower, prior to or during deployment?

Admiral Bowman: No abortions have been performed on board EISENHOWER, or any other Navy ship, at any time, to my knowledge.

It is possible that a female Sailor assigned to EISENHOWER whose test for pregnancy was positive and was transferred from the ship could abort her pregnancy voluntarily in the civilian community or miscarry due to medical difficulties and be returned to the ship. Four Sailors transferred from the ship for pregnancy have since returned to the ship not pregnant.

Chairman Dornan: Is the Navy issuing birth control drugs or devices to men and/or women assigned to the Eisenhower or any other ship of the line? What kinds?

Admiral Bowman: Yes. A wide range of contraceptives are available and can be prescribed after consultation between the individual and the health care provider. It is ultimately an individual's decision what type, if any, birth control method to use.

The contraceptives available would include birth control pills, condoms and long acting medications such as Depo-Provera and Norplant.

Chairman Dornan: How does the demand for medical care among women compare with that of the men?

Admiral Bowman: We have found that in the Navy, as in the other services, women report to sick call more often than men. This higher rate of request for medical care by women is not service unique, but closely parallels what we see in our society at large. Cumulatively, however, the number of days that women are absent from duty for all reasons is proportionally less than the number of days men are absent.

Chairman Dornan: What are the medical conditions most frequently treated for men and most frequently treated for women aboard the Eisenhower?

Admiral Bowman: EISENHOWER reports that by far the most common medical conditions treated on board for both men and women is upper respiratory infection, simple coughs and colds. The next most frequently treated medical conditions for women are muscular strains, gastro-intestinal problems, and gynecological complaints.

For men, the most frequently cited reasons for requesting medical treatment after upper respiratory infections are treatment of minor work-related injuries (bruises, cuts and muscle strains) and gastro-intestinal problems.

Chairman Dornan: Are pregnancy tests done prior to deployment? If not, why not?

Admiral Bowman: Pregnancy tests are currently not required immediately prior to deployment. We do, however, perform pregnancy tests within 30 days of transfer to shipboard duty and whenever requested by one of our Sailors.

The decision not to require mandatory pregnancy testing was reached after an extensive period of research, reflection and discussion. In the Navy, we place primary responsibility on the individual Sailor to comply with rules and regulations governing his or her service. Instituting a policy of mandatory pregnancy testing would run counter to the philosophy of being responsible for one's own actions and would be highly intrusive to the vast majority of Navy women who do not become pregnant while on sea duty.

We expect our Sailors to be responsible for themselves, their families and the quality of their service to the Navy. Part of exercising this responsibility is ensuring prompt notification of the chain of command when medical conditions change that impact the Sailor's ability to carry out assigned duties. We feel our policy of relying on our Sailors to voluntarily report when they are pregnant is working and does not adversely impact readiness.

Chairman Dornan: Will the Navy release figures on how many female sailors are pregnant upon arrival at home base? If not, why not? If a pregnancy is discovered while the carrier is home-base bound, how long will the woman be permitted to stay aboard? (For example, if pregnant status is determined while a ship is about to depart the Indian Ocean or the Mediterranean)

Admiral Bowman: Yes. All figures relating to the issue of pregnancies of female Sailors are available to the Committee at any time. I view this issue as no different than any other under the Committee's purview and will provide any and all information necessary for the Committee to carry out its oversight responsibility.

There should not be any known pregnant servicewomen remaining on board upon arrival at home port. Our current policy directs that servicewomen confirmed to be pregnant while deployed be transferred ashore at the first opportunity. In the examples of the ship departing the Indian Ocean or the Mediterranean, the servicewoman would be transferred ashore at the first opportunity where she would have access to emergency OB/GYN medical care and be able to commence travel to CONUS as a medical evacuee. She would not remain aboard for the transoceanic transit.

Chairman Dornan: Have there been any disciplinary problems aboard the USS DWIGHT D. EISENHOWER; i.e., fraternization or sexual harassment, calling for personnel reassignments, non-judicial punishment, or court martial?

Admiral Bowman: Yes, there have been a few cases of fraternization. All have been dealt with swiftly via the normal administrative process and non-judicial punishment. Personnel have been reassigned or discharged from Naval service. There have been no courts-martial as a result of fraternization or sexual harassment.

A recent case of sexual misconduct between two junior enlisted personnel was well documented with the offenders disciplined immediately after discovery of the misconduct. These two personnel have been discharged from Naval service with Other Than Honorable discharges. A Chief Warrant Officer was also punished for being aware of the misconduct and failing to take proper action. All three were removed from the ship after non-judicial punishment.

A lieutenant assigned to ship's company received non-judicial punishment for fraternizing with three enlisted women in November 1994. He has since been detached and is undergoing administrative separation processing.

Chairman Dornan: Is the Navy conducting any studies regarding the risk and/or incidence of birth defects to fetuses born to women assigned to aircraft carriers and/or other combat ships, especially nuclear-powered vessels?

Admiral Bowman: We are currently participating in the Defense Women's Health Research Project. This research initiative plans to conduct two studies regarding the risk and/or incidence of birth defects of children born to women assigned to aircraft carriers and other combat ships:

1: "Women Aboard Navy Ships: A Comprehensive Health and Readiness Research Project", a broad study of shipboard women's health with emphasis on pregnancy related issues, gynecologic issues, women's medication needs including birth control, pre-deployment screening, stress, depression and related factors.

2: "Assessment and Intervention for the Reduction of Adverse Gynecologic and Obstetric Clinical Events in Women Aboard Ships."

When these studies are completed I will certainly share their findings and conclusions with the Committee.

Chairman Dornan: Were women boarding the Eisenhower advised of the risk of birth defects to a fetus that could result from exposure to nuclear power or toxic substances on the carrier?

Admiral Bowman: All our Sailors, both male and female, who were assigned duties aboard EISENHOWER which potentially expose them to radiation were given specific training concerning radiation exposure risks, including the risks of prenatal exposure.

The Navy has accumulated many years of experience with men and women working in nuclear-capable shipyards and tenders. We have had procedures in place for controlling radiation exposure to all personnel, including women during pregnancy, long before assignment of women to EISENHOWER.

Upon assignment to the ship, every Sailor attended a safety orientation which included indoctrination on the risks posed by hazardous materials in general and specific training on any toxic substances that will be encountered in the individual's work center. Female Sailors are specifically instructed to inform their

chain-of-command immediately if pregnancy occurs to ensure there is no exposure to substances that could prove hazardous to the unborn child.

Chairman Dornan: Is the Navy conducting any studies, among women flying Navy fixed and rotary wing aircraft, regarding the risk and incidence of birth defects to the children of Navy women exposed to nuclear power, radiation, toxic substances, aviation vibration, G-forces or high decibel sound, etc.? Have Navy women assigned to combat ships, or flying fixed or rotary wing aircraft, been advised of those risks? Would a female pilot be assigned to non-flying duty if pregnant? If so, in what month of pregnancy?

Admiral Bowman: At present there is no comprehensive and definitive body of research concerning the hazards of aviation on pregnancy. The Naval Aviation and Operational Medicine Institute (NAOMI) has recently initiated steps to conduct a study of Navy female aviators, their pregnancy experiences and reproductive health issues.

When female aviators are confirmed to be pregnant, they are medically grounded. In order to continue on flying duty, the aviator must request a waiver. This procedure includes comprehensive discussions with the flight surgeon regarding the hazards of flying while pregnant. A local board of flight surgeons would then conduct a review of the waiver request and forward a recommendation for decision by the Director of Air Warfare. The waiver must be limited to the first two trimesters and only allow the aviator to fly helicopters, cargo planes and maritime patrol aircraft where cabin altitude remains below 10,000 feet. The waiver must preclude flying single-piloted aircraft, flying ejection seat aircraft, flying high performance aircraft that operate at over 2 Gs and conducting any shipboard operations.

As always, the health and well-being of our personnel is a paramount concern for the Navy. As our experience related to female aviators and pregnancy increases, the lessons learned will be incorporated into our policies and training. We will continue to take all steps possible to ensure our female aviators are fully informed on all issues relating to their health in general, and to pregnancy in particular.

PERSTEMPO LINKED TO FORCE STRUCTURE

Mr Dornan: During the joint hearing with the Readiness Subcommittee on March 7 and the testimony today, witnesses have clearly made the connection between force reductions and increased operations tempo. Admiral Bowman's statement today included a chart that demonstrated the relationship between a smaller force structure and an increase in operations tempo. I have noted that of the top five units with the highest deployment intensity in the Marine Corps, two are helicopter units and two are engineering units. Could each of the Personnel Chiefs give their personal view as to what percentage of increased tempo is a result of reduced force structure?

General Boles: The increase in OPTEMPO/PERSTEMPO for Air Force high demand units was generated by a combination of factors. First, our force structure drawdown has reduced the size of the active duty Air Force by over 30 percent and the number of troops stationed overseas by 40 percent since the mid 1980s. In Europe, for example, the number of Air Force wings will have decreased from 30 in 1987 to 6 by 1996. This was a major factor in the high OPTEMPO experienced by USAFE A-10, F-15, and F-16 fighter units, which all exceeded our desired maximum of 120 days away from home station in FY94.

While the force structure drawdown impact on the USAFE fighter units' OPTEMPO is clear, many of our high demand units fall into the critical support asset category where the same correlation cannot be made. These units include high demand support assets and critical enablers such as the RC-135 Rivet Joint, EC-130E Airborne Battlefield Command and Control Center (ABCCC), AC-130 gunships, Airborne Warning and Control System (AWACS), and rescue. The force structure in these units has not been impacted by the drawdown to the same extent, since approximately the same numbers are required to support the two MRC scenario. The OPTEMPO increase in these units was a result of the significant increase in taskings for the unique capabilities these systems bring to contingency and peacekeeping operations. In some instances the demand for these units exceeded their wartime tasking.

This combination of factors makes it difficult to determine an exact percentage of the increased OPTEMPO which can be attributed only to the reduction in force structure. For some weapon systems, the force structure has remained fairly stable, but fewer assets stationed overseas has led to an increase in deployments in support of contingency and peacekeeping operations. In my personal view, the majority of the Air Force OPTEMPO increase has been as a result of the significant increase in contingency taskings for our critical support assets and not due to the force structure drawdown.

Mr Dornan: And, how the mix of units and capability within the force structure should be changed to reduce operations tempo?

General Boles: The Air Force rapidly cut force structure to meet Bottom Up Review (BUR), the Mobility Requirements Study Bottom Up Review Update (MRS-BURU) and Nuclear Posture Review requirements. This has resulted in a force that is ready to respond to any worldwide tasking, but with very little margin for adjustment to unprogrammed requirements.

Our force structure is sized to meet our most demanding National Military Strategy scenario--the conduct of two nearly simultaneous Major Regional Contingencies. The forces used in contingency and peacekeeping operations are drawn from these same general purpose and special operations forces needed for the MRCs. In accordance with the Defense Planning Guidance, these operations do not impose requirements for additional forces beyond those needed for two MRCs, although they may require some unique training and capabilities.

The combination of fiscal reality and DoD guidance led the Air Force to field several initiatives to mitigate the impact of high OPTEMPO without changing force structure. These initiatives include:

- Additional Air National Guard and Air Force Reserve augmentation
- Worldwide Combat Air Force support of contingency operations
- Selective relief from heavy taskings
- Cross utilization of support personnel through PALACE TENURE

The Air Force believes these measures will soften the impact of high OPTEMPO while maintaining our ability to provide the force structure and relevant training to respond to all National Military Strategy tasks.

NO TRACKING OF INDIVIDUALS?

Question: The written testimony today suggests that the Air Force may be the only service that intends to develop a system to track PERSTEMPO on an individual basis. General Christmas' statement did explain how the accumulated deployment time system is monitored to ensure marines are treated equitably i[n] the assignment system, but there is still the threat of an individual being treated unjustly in the deployment process. General Boles can you tell us what the Air Force is doing to develop a tracker for individual PERSTEMPO, and how it will be used?

Answer: The Air Force instituted a TDY "Tracker" in January of this year. We can do many things with it. For example, we are automatically crediting our people's deployed time by adjusting their overseas return dates. These dates are already used within the assignment system to determine who goes next to an overseas assignment. This has improved the equity in making those calls.

By January of next year we will have a full year's worth of PERSTEMPO data. We will then be able to sort the data by skill, crew position, unit, and by MAJCOM, focus precisely on our high PERSTEMPO areas and choose appropriate courses. Our wings will also have access to the data and will be able to make their own calls about who they send. The "Tracker" promises to help us state our case very accurately.

BASIC TRAINING ATTRITION IS UP?

Question: All of the services have experienced increased first term attrition and attrition from basic training since the late 1980's. This is an expensive problem since GAO estimates it costs \$20,000 to replace an individual who is separated early. The increase in first term attrition is perhaps understandable in a drawdown, but I have to believe you are as distressed as I am with the increase in attrition from basic training. I found it interesting that, with the exception of the Air Force, the rates appeared to fluctuate up and down from year to year. Some would suggest that these fluctuations stem from a routine management practice of "adjusting" the attitudes of drill instructors to make lower attrition a priority objective. Would each of the Personnel Chiefs please give their perspective of the cause for higher attrition from basic training?

Answer: For the Air Force, the primary cause of Basic Military Training (BMT) attrition is for medical reasons (55% of total BMT attrition). The Air Force Surgeon General is examining the reasons for medical separations with the ultimate goal of providing improved applicant screening and reduced attrition. Alternatives to physical conditioning have increased since we have entered the computer

generation age where enlistees are spending more time with computers than in exercise. As a result, medical problems such as shin splints are occurring more frequently than in the past. To help reduce BMT attrition, we must ensure recruits are physically prepared for BMT. Each recruit is given a pamphlet which specifies fitness requirements and lays out an exercise program to follow. Recruiters emphasize the need to be in shape the entire time the person is waiting to go on active duty. Recruiters must identify any medical condition they become aware of that would preclude success at BMT.

SUICIDES AND SPOUSE ABUSE UP?

Question: All the services have experienced an increase in the suicide rates since 1990, and that the Army and the Air Force have seen an increase in spouse abuse since 1990. Is increased PERSTEMPO part of the explanation for these unfavorable trends?

Answer: The increase in the spouse abuse rates reflects an increase of reports as individuals become more aware of spouse abuse and are reporting it more frequently than in the past. The "curve" for spouse abuse reflects the "curve" for child abuse 15 years ago. We have no data to support increased PERSTEMPO as a part of the explanation for these unfavorable trends.

The increases in suicide rates have been small for the Air Force as a whole, and within the range of past variations. Although it is conceivable that an increased PERSTEMPO could be a part of the explanation for a particular suicide, it is hard to generalize the very complex reasons an individual may commit suicide and therefore state that PERSTEMPO caused a suicide. It is more realistic to say that every suicide is a result of multiple, unique aspects of life to that individual. Other factors that may influence the rate of Air Force suicides are base closures, selective early retirement and fear of loss of future benefits such as retirement pay and health care benefits. A recent study of suicides in the Air Force indicates that over sixty percent of victims in the study were beset by multiple, serious problems. They typically had marital, financial, substance abuse and work related problems.

PAY GAP

Question: General Boles, you indicated in your remarks that the gap between military and private sector pay raises continues to grow. Besides directly addressing this growing pay gap through increased pay raises, what other specific recommendations would you make to help lessen the impact of this gap?

Answer: For most military members, current housing allowances do not cover the costs of off-base housing. In 1985, Public Law 98-525, Section 602(a)(1), restructured housing allowances to establish the present standard: 65% covered by BAQ, 20% covered by VHA, and 15% absorbed by the member (out-of-pocket). However, with BAQ indexed to pay raises vice housing cost increases, BAQ has fallen well below the Congressional standard of 65%. As a result, members now absorb 21.6%

vice 15% of their housing costs. This excess absorption compounds the impact of the pay gap.

DoD, as one of the Secretary's Quality of Life Initiatives, has pledged to seek Congressional approval to incrementally increase BAQ payments over the FYDP. The FY96 budget funds an increase in the basic allowance for quarters one percentage point higher than the pay raise. This initiative represents the first step in a program to reduce out-of-pocket housing expenses back to the intended 15% level. Additional legislation and funding will be required for continuation of this incremental reduction in FY97 and beyond.

Another area of great importance is your continued support for full funding of the Commissary benefit. Military families depend heavily on the savings they receive by shopping in the Commissary and the support you've provided over the years has been much appreciated.

RETENTION--IS THE DRAWDOWN MASKING A PROBLEM?

Question: All of you in your prepared statements acknowledge that retention is difficult to assess at this point because the drawdown may be masking negative trends. The Marine Corps cites the "mindset" of service members has perhaps shifted to view separation as the first option, as opposed to reenlistment. In fact, all the statements would suggest that the big challenge may be changing attitudes about the job security of a military career. Could each of the Personnel Chiefs comment on whether or not they are comfortable with their current retention trends given the potential that the drawdown has masked trends?

Answer: Overall, we've seen no significant retention problems. We are concerned, as you have indicated, that the drawdown could be masking retention problems. Throughout the drawdown, we have emphasized a commitment to those staying in the Air Force, and we believe we have conveyed that message well and lessened apprehensions regarding careers. Today our message remains one of stability, with the end of the drawdown near. While retention does remain a challenge, the challenge is manageable.

Question: The Marine Corps suggestion that the "mindset" has changed and what they are doing to combat that shift in attitude?

Answer: We don't feel there has been a significant change in "mindset" but we are concerned about ensuring retention does not become a problem. The Air Force continues to stress that the turbulent military drawdown is almost over, stability lies ahead, and we are working "quality of life" issues hard. _____

Question: The risk that we will face a retention crisis once the drawdown is complete?

Answer: We do not believe the Air Force will have a retention crisis once the drawdown is complete. The drawdown has created uncertainties for our members and their families. We continue to work hard to help our people put those uncertainties behind them. The Air Force is committed to putting "People First". We are taking positive steps toward creating an atmosphere that reaffirms the Air Force is still a "great way of life".

QUALITY OF LIFE ISSUES

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Thursday, March 16, 1995.

The subcommittee met, pursuant to call, at 2 p.m. in room 2212, Rayburn House Office Building, Hon. Robert K. Dornan (chairman of the subcommittee) presiding.

STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. Ladies and gentlemen, the Military Personnel Subcommittee will come to order.

Today the subcommittee will take testimony on quality of life issues affecting all of our service members and their families. This is the last hearing of three that we have focused on the heart of our military readiness, the people who wear the uniform. On March 7, the Military Personnel and Readiness Subcommittees together on a joint hearing heard very disturbing testimony about funding shortages and high operations TEMPO from four field commanders and the top noncommissioned officers from each of the services. Just this past Tuesday, the subcommittee took testimony from DOD, JCS, and the personnel chiefs of the Department's response to the effects of high personnel TEMPO.

On November 10, 1994, Secretary Perry and General Shalikashvili focused attention on quality of life issues when they announced an initiative to add \$2.7 billion over the next 6 years, or \$459 million per year through the year 2001.

The quality of life concept encompasses a wide variety of programs, and Secretary Perry's initiative is accordingly diverse.

The issues of direct interest to the Subcommittee on Military Personnel include: an enhancement to the basic allowance for quarters [BAQ], a new cost of living allowance for higher cost locations in the United States, a new health maintenance organization [HMO], medical plan, and continued support for education benefits, increased funding for child care and increased funding for family advocacy programs.

Part of our task today is to learn more about the quality of life problems that caused the initiative to be developed and assess the adequacy of the Secretary's initiative as a response to those problems.

Members should note that the subcommittee will specifically address the TRICARE medical plan during a hearing on March 28.

The other major quality of life question of great concern to me, and I think to every member of the subcommittee, is a pay raise. In December, Secretary Perry followed the quality of life initiative with the announcement that the administration intended to support full "by law", quote, unquote, pay raises. The problem is that the "by law" caveat means the military pay raises will be reduced below the justified full increase by $\frac{1}{2}$ of a percent, 0.5 percent, every year. This happens because military pay increases are linked to the civilian pay system which was modified in 1994 to include that 0.5 percent decrement. The difference in impact on military people is that when the decrement took effect, civilian pay was enhanced to include a new locality pay specifically installed to raise civilian employee pay levels to match those in the private sector. In other words, military paychecks are being reduced even though military members do not benefit from any offsetting effects of a civilian-only locality pay.

The basic problem is that military pay increases that followed the big catch-up raises used to salvage the volunteer force in the early 1980's have systematically just not kept pace with private sector pay raise levels. Accordingly, the gap between military and private sector pay has grown to 12.8 percent at least, a level that approximates the gap that precipitated the heretofore dreaded hollow force.

Now, because of this link with civilian pay, not only are we not closing the pay gap, we will institutionally sanction the growth of the cap to about 15 percent by 1999.

I recognize that quality of life means different things to different folks, but the reality is that a person's paycheck is a big part of the quality of anyone's life. You can bet this distinction is not lost on the service members and their families. The senior noncommissioned officers who testified last week on March 7 made it very clear that pay was the driver on the enlisted member job satisfaction and subsequent decisions on whether or not they would stay on retention. Surveys conducted by the Navy and, as a matter of fact, all of the other services routinely show that pay is the primary reason why people leave the military. The Department's own survey conducted in 1992 show that 77 percent of service members are convinced that their paychecks will not keep pace with inflation, and 44 percent were dissatisfied with the current level of compensation.

Given the budget environment, any increase in pay above the level requested by the President will be a difficult challenge. Still, I am troubled by a corporate solution that only serves to aggravate the situation.

Mr. Pickett, do you wish to make an opening statement, sir?

STATEMENT OF HON. OWEN PICKETT, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

Mr. PICKETT. Thank you, Mr. Chairman. I concur with your assessment that pay level to a large extent drives the individual's and the family's view of quality of life.

However, I took note of your comment that, quote, "the quality of life concept encompasses a wide variety of programs." I think

that is a very important point to remember. We must ensure that none of the tapestry of diverse programs that contribute to quality of life in the military is overlooked.

You quite correctly pointed out the issues of direct interest to the Subcommittee on Military Personnel, they being compensation, health care, education and family programs that are all very important issues, and I look forward to working on them with you.

Still, I would ask my colleagues to consider other important programs that do contribute to quality of life. In the military, these programs are family housing, dormitories, commissaries and morale, welfare and recreation programs.

I can tell from personal experience that on the bases within my district, relatively small changes can make a great difference to our people. Just recently I visited a new dining facility at Little Creek Amphibious Base that presented service members with a vastly superior environment for meals. You can be sure that the overall quality of life for the young men and women at Little Creek was measurably improved with the addition of this facility.

We must be sensitive to the need to preserve a balance in quality of life programs to ensure that no individual is overlooked. Quality of life is not just about families or just about single people; it is a total package that responds to the needs of everyone, including retirees. I was glad to note Secretary Perry's initiative also established a quality of life task force to examine related issues and make recommendations for changes. I think this is an important safeguard to protect all quality of life programs.

As you know, Mr. Chairman, if people feel good about themselves and their surroundings, they will do a better job. In the military, that means better readiness.

Thank you.

Mr. DORNAN. Thank you, Mr. Pickett.

I am very pleased to welcome as our first witness the Honorable Edwin Dorn, Under Secretary of Defense for Personnel and Readiness, an expert on quality of life issues, and I would also like to recognize Ms. Carolyn Becraft, Deputy Assistant Secretary of Defense for Personnel Support, Families and Education, who is accompanying Dr. Dorn, and will also be available for our questions.

Dr. Dorn, we have missed a couple of times out there in the field, even staying in the same quarters, but they always got you up before dawn, I don't know why, and let me wake up with the roosters. The last time we missed was when I went out to get a full briefing on Red Flag and to fly with the Thunderbirds, and I am finally glad to have us cross paths on Capitol Hill.

Please proceed, Doctor.

STATEMENT OF HON. EDWIN DORN, UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS

Dr. DORN. Thank you, Mr. Chairman, and Mr. Pickett.

We in the Defense Department are committed to providing men and women in the force with a quality of life that is in line with the important service they render and with the sacrifices they make. I thank you for inviting me to testify about our plans to honor that commitment. I have submitted a written statement for

the record, Mr. Chairman, and would like to highlight just a few points in my oral statement.

I appreciate your introducing Carolyn Becraft, our Deputy Assistant Secretary of Defense for Personnel Support, Families and Education. Her office is responsible for most of the programs that we generally associate with quality of life: commissaries, dependent schools, family advocacy programs, child care, and the like. Ms. Becraft has special credentials for this job. She spent 6 years on active duty in the Army, and has served for 25 years as a military spouse and parent.

Let me begin, Mr. Chairman, by focusing a little bit on my own title, Under Secretary for Personnel and Readiness. Why do those two things go together? I think you provided the answer, Mr. Chairman.

It is because of our belief that the best way to ensure readiness is to take care of our people. In the late 1970s the force was characterized as hollow, largely because the quality of the people declined. We weren't attracting good people, we weren't training them rigorously, and we weren't watching out for their welfare. We have learned from that experience; we are determined not to repeat it.

We believe, as you and Mr. Pickett believe, that a decent quality of life is the key to recruiting and to retaining good people, and good people are the key to readiness. Retention is important because we need a very experienced and well-trained force to manage the complex systems and tactics of the modern military. People are a long-term investment. It takes about 7 years to build a modern aircraft carrier, but it takes more than 20 years to develop someone with the skills needed to command an aircraft carrier. It takes a couple of months to build an M-1 tank, but it takes several years to develop an NCO capable of serving as a tank commander.

Figure 3 on page 15 of my written statement summarizes our quality-of-life initiative. In brief, we want to, first, improve cash compensation and benefits; second, improve housing; and third, improve community and family support.

As you mentioned, Secretary Perry has allocated about \$450 million per year over the next 6 years to support these improvements and he has made detailed allocation decisions for fiscal year 1996. He established an advisory committee, which Mr. Pickett mentioned, chaired by former Army Secretary March to look at how these resources might best be used in fiscal year 1997 and beyond.

Of special interest to Secretary Perry is finding new ways to finance housing. You may notice, Mr. Chairman, that one of the issues you mentioned as a matter of concern, health, is not listed in the quality-of-life initiative. That is not because we don't consider it important to the quality of life; it is because we had another rather large project going to shape the new TRICARE program, and the HMO option that you mentioned in your statement.

This Nation has the finest military force ever assembled. And in fact, the force has gotten better as it has gotten smaller. One of the great unreported stories of recent years is that we have managed the drawdown in a way that enabled us to maintain readiness and increase overall personnel quality. We were able to do that in part because Congress gave us a good mix of separation incentives and transition programs, and in part because DOD's senior military of-

ficers and civilian managers have done a superb job of managing the nuts and bolts of the drawdown.

While we have some exceptionally fine young men and women in the force, we are asking a lot of them. By some measures, they are working harder than ever before. They are performing a more diverse range of missions and some of them are away from home more than we think desirable. If we want to get and keep high-quality people, we have to give them a decent quality of life.

I look forward to talking with members of this committee about our plans for doing that, and to hearing your suggestions.

Thank you.

STATEMENT OF THE
HONORABLE EDWIN DORN

UNDER SECRETARY OF DEFENSE
(PERSONNEL AND READINESS)

BEFORE THE

SUBCOMMITTEE ON MILITARY PERSONNEL
OF THE COMMITTEE ON NATIONAL SECURITY
HOUSE OF REPRESENTATIVES

MARCH 16, 1995

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SUBCOMMITTEE

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to present testimony on personnel policies and programs of the Department of Defense.

I will be covering four broad areas in my testimony: force management, including the drawdown and stabilization of the force; military personnel support and Secretary Perry's quality of life initiatives; civilian personnel issues; and our commitment to and progress on equal opportunity.

OVERVIEW

In our Fiscal Year 1996 budget, Secretary Perry established three priorities for the Department of Defense:

- Managing the use of military force in the post-Cold War era,
- Preventing the reemergence of a nuclear threat,
- And managing the drawdown of our forces.

My office oversees the management of the drawdown, and I am pleased to present a status report on our progress.

The management of our military downsizing has been a resounding success because we have learned the lessons of history. The cycle of war, drawdown, mobilization and war repeated throughout this century has taught us that:

- It is difficult to foresee accurately emerging threats to our national security.
- Our military must always be ready to fight and win the next war, and therefore deter it.

- Our people are our most important resource and, if we support them in peacetime, as we have in wartime, they will perform with excellence and valor when called to protect our national interests.

The downsizing of our military force following the Cold War was not only prudent, but necessary. We knew, however, that if we did not proceed carefully, we would invite conflicts in which servicemen and women could die needlessly.

Our downsizing of the active component is now over 80 percent complete. The reductions we plan for Fiscal Year 1996 will essentially complete the drawdown of our active forces. I can report that, despite the unprecedented challenge of shrinking an all-volunteer force, we have met or exceeded our national security objectives with respect to the size and capabilities of the armed forces. Because our military personnel leaders were skillful in executing this drawdown, our force is more experienced, of higher quality, is more diverse, and has the right mix of skills to meet current and future challenges

Importantly, we have achieved this while treating our people fairly, whether they stayed in service or separated. Even though the number of active duty personnel has already been reduced by more than 600,000, the number of service members who have been involuntarily separated has been quite small. A great deal of the credit for our success belongs to the Congress, including this Subcommittee, which provided the separation incentives and transition tools we needed to ensure that we kept faith with those who served our nation.

Our focus is now shifting to stabilizing the force. Any drawdown of this size, even one carefully and successfully managed, will cause turbulence; it is an inevitable by-product of change. Therefore, we are now taking steps to secure a greater sense of stability in our armed forces.

For the 1.5 million men and women who remain on active duty, this administration has established and funded an extraordinary program to support them and their families. First, President Clinton added \$7.7 billion to the defense program to ensure that service members get the maximum pay raise allowed by law for military personnel through the end of the century.

Second, Secretary Perry increased spending on quality of life by \$2.7 billion over the next five years to improve housing, expand child care, supplement the income of service members assigned to high-cost areas in the United States, narrow the housing cost gap, improve morale and recreation services, and provide other benefits for service members and their families. Our Fiscal Year 1996 budget contains an initial investment of \$450 million for these initiatives, and we have set aside funding to add the same amount each year for the following five years. By taking these two actions, we ensure basic fairness to the people who defend our nation, and at the same time improve the readiness and effectiveness of our forces.

Our test in making personnel policy and program decisions will be: will this improve life for the Army captain at Fort Bragg? Can the staff sergeant at MacDill support her family at a decent level and focus on maintaining fighter aircraft? Is the high school graduate with a dream of going to Parris Island still interested when he hears the details of military pay and benefits? And, will the daughter of a petty officer feel good enough about military life to study hard and work toward going to the Naval Academy?

MANAGING THE DRAWDOWN OF OUR ACTIVE FORCES

When the current reductions began, we had nearly 2.2 million men and women on active duty; by the end of Fiscal Year 1995, we will have slightly more than 1.5 million; and by the end of the drawdown in Fiscal Year 1999, we'll have approximately 1.45 million. Overall that is a drop of nearly three-quarters of a million--one-third of the active force.

TABLE 1
ACTIVE MILITARY END STRENGTH

	FY 94	FY 95	FY 96	FY 97
	(ACTUAL)	(PROGRAM)	(BUDGET)	(BUDGET)
ARMY	541,343	510,000	495,000	495,000
NAVY	468,662	439,200	428,000	409,400
AIR FORCE	426,327	400,051	388,200	385,400
MARINE CORPS	<u>174,158</u>	<u>174,000</u>	<u>174,000</u>	<u>174,000</u>
TOTAL	1,610,490	1,523,251	1,485,200	1,463,800

THE NEED TO SHAPE THE DRAWDOWN

Our drawdown objectives continue to be straightforward: take care of people--both those who are leaving and those who are staying--while maintaining readiness to accomplish the missions that the military is called upon to undertake. In accomplishing these objectives, we carefully evaluate the ways in which today's decisions will affect tomorrow's force. Our ability to achieve these objectives was greatly enhanced by the tools Congress provided to help us manage the reductions fairly and effectively.

Prior to Fiscal Year 1991, we had inadequate personnel management tools available to help us accomplish the unprecedented large-scale reduction of our all-volunteer force. The Fiscal Year 1991 Authorization Act provided, for the first time, involuntary separation pay for enlisted members. The 1991 Authorization Act also established programs of separation counseling and employment assistance, which brought together the skills and resources of the Departments of Defense, Labor, and Veterans' Affairs.

The Persian Gulf conflict gave us a short respite and the opportunity to develop incentives to stimulate **voluntary** losses from the career force. Absent such incentives, we were severely limited in our ability to accomplish reductions while maintaining faith with the more senior members of the all-volunteer force and continuing to recruit the men and women who would help provide a balanced and effective force in future years.

Initially, therefore, most of the reductions came from junior service members--those with fewer than six years of service. We reduced accessions and released people short of completing their service obligations.

This approach could not be sustained for an extended period without creating future problems--specifically, a future seniority deficit brought on by too few accessions during the drawdown. Thus, we worked with the Congress to develop tools to encourage people in the career force to separate voluntarily short of 20 years of service. These programs allowed us to begin downsizing in a way that allowed us to pursue a robust recruiting program and allow a strong flow of high-quality accessions that would provide the leaders for the next century.

EFFECTIVE PERSONNEL MANAGEMENT AUTHORITIES

A well-informed and supportive Congress provided the tools we needed to manage the drawdown. We have used the personnel management authorities provided by Congress to tailor carefully the downsizing to meet our needs. We sought to create a healthy flow through the system, from recruitment to retirement--allowing for consistent promotion rates and a balance of experience throughout the force.

Beginning in Fiscal Year 1992, the **Voluntary Separation Incentive (VSI)/Special Separation Benefit (SSB)** initiative was authorized and funded. Also, more flexible **Selective Early Retirement Board (SERB)** authority removed some of the statutory restrictions that limited the number and type of officers who could be considered for early retirement; thus the Services could manage the retirement-eligible portion of the force more vigorously. The **Temporary Early Retirement Authority (TERA)** program providing for a retirement after 15 years of service was enacted in Fiscal Year 1993.

After calibrating accession requirements, we used the more flexible **SERB** authority to increase the retirement rate of those members already eligible. We then focused on mid- and late-career service members. The **TERA** program was used to shape and size the force for those close to retirement. For those in mid-career, the **VSI** and **SSB** programs helped us make necessary reductions through voluntary separation.

At the end of Fiscal Year 1995, the active force drawdown will be about 90 percent complete. The success of the force reduction authorities is demonstrated by an important fact--about 138,000 career members will have departed under voluntary authorities by the end of this Fiscal Year, and fewer than 2,000 involuntary separations through reduction in force actions have been required to date. This is an extraordinary accomplishment. Today, the Marine Corps is virtually complete in its reductions. By the end of Fiscal Year 1995, the Army and the Air Force will be about 95 percent done. The Navy started its reduction later but will be about 75 percent complete by the end of this Fiscal Year. One further evidence of the success of this carefully

crafted process: promotion flows have remained relatively consistent throughout the drawdown period.

TABLE 2
Net Change in Total Force
(in 000s)

	Sep 87	Sep 95	Delta
Reserve	1,151	965	-186
Civilian	1,063	867	-196
Active	2,164	1,523	-641
Total*	4,378	3,355K	-1,023
*Totals may not add due to rounding			

A HIGHER QUALITY, MORE EXPERIENCED FORCE

The most important aspect of our efforts to right size the armed forces is that quality, experience, and diversity have actually increased substantially since the drawdown began, producing a more effective force. The proportion of active duty enlisted personnel in the upper aptitude categories has increased from 56 percent in 1987, when the drawdown began, to 64 percent in 1994. Those in the lowest acceptable aptitude category dropped from 11 percent of the force in 1987 to just 6 percent in 1994.

The active force has become richer in experience, as measured by age and length of service. For example, the average age increased 1.3 years from 1987 to 1994 (to 28.6).

Finally, diversity is greater today than in 1987. The percentage of women in active service has increased from 10 percent to 12 percent over the same period. There was widespread concern that the drawdown would have an adverse impact on minority members of the armed forces. This has not proved to be the case. Total minority representation in the force has increased from 27.4 percent to 29.9 percent. Minority officers in pay grades 04 through 06 showed an even larger increase--from 7 percent of the total to 11 percent over the period.

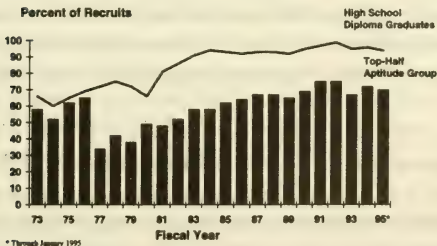
RECRUITING

The increase in age and experience of our service members is healthy in a smaller force. Effective recruiting, however, remains the key to the strength of tomorrow's force. Each Service must sustain its flow of seasoned leaders for the future--tomorrow's tank commander is being recruited today. Over the next several years, the Department will recruit about 200,000 young people each year to join the full-time, active duty armed forces, along with an additional 150,000 for the Selected Reserve, more than 50,000 of whom will be non-prior service entrants.

During the drawdown, we have done well in attracting high-quality recruits. For example, over the last two years, approximately 95 percent of all active-duty recruits held a high school diploma. Only about 75 percent of American youth, ages 18 to 23, hold that credential. In addition, about 70 percent of new recruits have top-half aptitude scores, compared to 50 percent of our nation's youth population. Higher quality recruits reduce attrition while increasing hands-on job performance. Well-educated, high-aptitude recruits are essential components of the individual and unit performance that is so instrumental to readiness--particularly in the high-technology force of today and tomorrow.

FIGURE 1

DoD Recruit Quality



Today, our principal concern in recruiting centers on a reduced propensity among American youth to enlist. By "propensity" we mean the percentage of the 10,000 nationally-representative survey respondents who indicate that they "definitely" or "probably" plan to enlist. Reported interest dropped from 1991 through 1993, and our 1994 survey shows a continuing decline in propensity for 16- to 21-year-old men, especially blacks. We have focus groups planned to help us understand this situation better. Propensity for 16- to 21-year-old women and 22- to 24-year-old men and women now appears to have stabilized.

TABLE 3A. POSITIVE PROPENSITY TO SERVE ON ACTIVE DUTY
(FOR 16 - 21 YEAR-OLD MALES)

YEAR OF YATS SURVEY ->	1987	1988	1989	1990	1991	1992	1993	1994
ARMY	16*	16*	17*	16*	17*	13*	13*	11
NAVY	12*	12*	13*	11*	12*	11*	10	9
AIR FORCE	18*	16*	17*	15*	16*	14	14	12
MARINE CORPS	11	12	13	11	13	13	11	11
ANY SERVICE	31*	31*	33*	32*	34*	29*	29*	26

* THE DIFFERENCE BETWEEN THIS STATISTIC AND THE 1994 PROPENSITY IS STATISTICALLY SIGNIFICANT

TABLE 3B. POSITIVE PROPENSITY TO SERVE ON ACTIVE DUTY
(FOR 16 - 21 YEAR-OLD MALES -- ANY SERVICE)

YEAR OF YATS SURVEY ->	1987	1988	1989	1990	1991	1992	1993	1994
WHITE	25*	25*	26*	27*	29*	25	25	22
BLACK	49*	48*	54*	42*	49*	36	37	32
HISPANIC	45	41	47	47	46	45	42	39

* THE DIFFERENCE BETWEEN THIS STATISTIC AND THE 1994 PROPENSITY IS STATISTICALLY SIGNIFICANT

In addition, recent surveys suggest that recruiters are being pushed hard. Recruiting is a difficult assignment few service members relish, and---as noted above---they are working in a tough market. They work long hours, and while 75 percent say their goals are achievable, the balance are less optimistic.

To strengthen recruiting efforts in Fiscal Year 1994, we reprogrammed \$41 million into recruiting. This helped us to get out the message that the armed forces were still hiring and that military service was an excellent choice for talented young men and women. For Fiscal Year 1995, Congress increased the recruiting budget by \$89 million. Our total recruiting investments are steady at about \$1.4 billion (active) plus \$0.6 billion (reserve), for a total of about \$2 billion.

Advertising is cost-effective and central to reversing the downward trend in enlistment propensity. Recognizing this, Congress and DoD have acted to expand funding in that area. We increased from an investment of \$145 million in Fiscal Year 1994 to the Fiscal Year 1995-96 level of about \$185 million.

TABLE 4. DOD RECRUITING AND ADVERTISING RESOURCES FOR FISCAL YEAR 1995-97
(CURRENT DOLLARS IN MILLIONS)

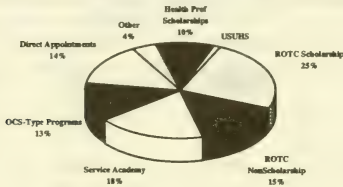
	FISCAL YEAR 1995	FISCAL YEAR 1996	FISCAL YEAR 1997
ACTIVE:			
ARMY	578.6	577.4	594.3
NAVY	367.7	375.9	387.6
MARINE CORPS	190.9	188.5	192.6
AIR FORCE	147.7	145.0	145.7
JOINT	126.2	128.4	131.5
ACTIVE FORCE TOTALS:	\$1411.1	\$1415.2	\$1451.7
RESERVE:			
ARMY NATIONAL GUARD	251.0	259.2	245.6
ARMY RESERVE	169.7	178.6	182.6
NAVAL RESERVE	67.0	65.0	65.4
MARINE CORPS RESERVE	28.5	26.7	27.0
AIR NATIONAL GUARD	39.6	41.5	42.2
AIR FORCE RESERVE	31.4	32.3	34.3
RESERVE/GUARD TOTALS:	\$587.2	\$603.3	\$597.1
DOD TOTALS:	\$1998.3	\$2018.5	\$2048.8
<i>DOD CONSTANT FISCAL YEAR 1995</i>	<i>(\$1998.3)</i>	<i>(\$1967.3)</i>	<i>(\$1946.2)</i>
DOLLARS:			

We are optimistic that Fiscal Year 1995 will be another successful year. However, we are concerned about Fiscal Years 1996 and 1997. Resource levels for those years are steady; yet numerical goals are rising, while propensity has slipped. The Department's Senior Panel on Recruiting, established by Deputy Secretary Deutch about a year ago, meets quarterly--and more frequently if required--to monitor progress in recruiting. This panel includes the Secretaries of the Military Departments and the Chairman of the Joint Chiefs of Staff. Any emerging problems in this area will continue to receive quick, high-level attention.

During each of Fiscal Years 1995-97, about 19,000 new junior officers will enter the armed forces; roughly two-thirds will go initially to the active components, with the rest going to the

Reserves (which also are fed by officers leaving active duty). Approximate contributions from each source to this cohort are shown in Figure 2.

FIGURE 2. DOD OFFICER ACCESSIONS BY SOURCE
FISCAL YEARS 1995-1997



TRANSITION SUPPORT AND SERVICES

Just as we take great care bringing people into the military, we help them as they transition back to civilian life. The assistance given to more than 300,000 service members and their families who separate each year remains a high priority for the Department. These veterans form a tremendously talented resource pool for America; 99 percent have high school diplomas, 22 percent have some college credit, and approximately 57,000 have at least one college degree. Operation Transition's goal is to prepare service members and their families to make a successful transition to civilian life.

Each Military Service--in conjunction with DoD, the Departments of Labor (DoL) and Veterans' Affairs (VA), and Federal/state employment service agencies--has initiated innovative transition programs. During Fiscal Year 1994, service members made nearly 725,000 visits to transition offices for preseparation counseling and employment assistance. Within the United States, the DoL and VA also provide employment assistance workshops at 204 selected bases. In Fiscal Year 1994, more than 163,000 service members and spouses participated in 3,686 workshops. In an example of good government coordination, DoD, DoL, and VA implemented the Service

Members' Occupational Conversion and Training Act (SMOCTA) to address the needs of unemployed veterans, particularly those whose military skills do not readily translate to civilian jobs. As of November 1994, VA had processed 58,235 training applications, and 8,388 eligible veterans had been placed in job training under this program. A new program, to be administered jointly by the DoD and the Department of Justice in 1995, will promote the entry of qualified service members into law enforcement--the **Troops to Cops** program.

Automated systems are a vital part of DoD transition programs. The Defense Outplacement Referral System (DORS) is a resume database referral system linking private sector employers to departing service members and spouses. In Fiscal Year 1994, there were 7,980 employers and over 60,000 personnel registered in DORS. Since December 1991, 730,078 resumes have been sent to employers. The Transition Bulletin Board (TBB) allows employers to list job openings at military installations worldwide. In September 1994, TBB listed 9,693 want ads, business opportunities, and Federal jobs. The verification document (DD Form 2586) translates service members' military skills and training into civilian terms. The Public and Community Service Registry, established in June 1994, contains information on organizations desiring to hire veterans. So far, 125 organizations have registered, with hundreds being researched for inclusion. Since June 1994, nearly 70,000 separating personnel have registered.

Finally, we provide additional benefits, such as extended health care and extended commissary and exchange privileges to the relatively small number of involuntarily separated military members and their families, and to certain people separated voluntarily.

SECRETARY PERRY'S QUALITY OF LIFE INITIATIVE

I would like to turn now to one of the most dramatic and important elements of our military personnel plans: Secretary Perry's quality of life initiative.

The President and Secretary Perry are determined to give military personnel and their families the kind of support they deserve. It is a matter both of basic fairness and of military readiness. If the Department of Defense cannot continue to attract and retain high-caliber people, the quality

of our national security will be endangered. If soldiers, sailors, airmen, and marines cannot concentrate on the mission at hand because they are worried about their families and their futures, we will have jeopardized that mission.

The quality of life initiative has three major components: raising compensation, improving the quantity and quality of housing, and bolstering our community and family support programs.

1. MILITARY COMPENSATION

No single stimulus is stronger than monetary compensation in generating the retention of top-quality people. Our initiatives in this area include:

A - THE PAY RAISE

The budget we have submitted funds a military pay raise at the full rate allowed by law through the end of the century. This is an unprecedented commitment and a reflection of the value that this Administration places on treating our men and women in uniform fairly. We have allocated \$7.7 billion to cover this commitment.

B - HOUSING ALLOWANCES

About 70 percent of our military families live in the civilian community and receive housing allowances. These allowances were designed to cover about 85 percent of the housing costs of military members, but they have fallen behind and now cover only 78 percent of housing costs. Secretary Perry has approved a plan to increase housing allowance payments over the next five years and begin to bring them back in line for more than 700,000 military members and their families. The Secretary directed the addition of \$43 million in Fiscal Year 1996 as the first step in his plan.

C- CONUS COLA

Last year the Congress authorized a Cost-of-Living Allowance (COLA) within the Continental United States (CONUS) in recognition of the difficulties faced by service members assigned to certain areas in which the cost of living is exceptionally high. The Department intends to implement the CONUS COLA in the last quarter of Fiscal Year 1995. Secretary Perry has

specified that individuals living in areas where the local, non-housing cost of living exceeds the national average by more than 9 percent would receive this new allowance.

The amount of the allowance is determined by three things: (1) the area's cost of living in relation to the national average; (2) the military member's spendable income; and (3) whether the member has dependents. We expect the monthly average benefits to vary from \$16 to \$266, depending on area. Approximately 30,000 members will benefit from this program.

2. HOUSING IMPROVEMENTS

Decent and affordable housing is an essential concern of military personnel and their families and a significant factor in retention. Secretary Perry has reallocated a total of \$296 million in the Fiscal Year 1996 budget for the improvement of military housing. The plan calls for upgrades over the next six years to about 10,000 homes currently threatened by closure due to lack of maintenance funds; improvements in privacy and other amenities to 5,000 dormitory (barracks) spaces--1,200 immediately; and the exploration of partnerships with the private sector. With a view to increasing the availability of affordable and quality housing, DoD hopes to provide land and funding to stimulate home-building, with lease-back options via private-sector housing ventures/partnerships. The reallocation of \$296 million in Fiscal Year 1996 is in addition to previously planned and programmed funds for maintenance and construction.

3. COMMUNITY AND FAMILY SUPPORT

In Fiscal Year 1996, our plan increases funding for child care and for better community and family support by \$94 million. Our total capacity in DoD child care programs in Fiscal Year 1996 will be increased by 23 percent, to 204,000 spaces. This means that we will meet two-thirds of need for child care. Currently, we are meeting only one-half. The money will also be used to improve recreation facilities, extend hours, reduce surcharges on the use of recreational goods and services, and strengthen the prevention and counseling programs aimed at the prevention of family violence.

FIGURE 3

The Quality of Life Initiative

Compensation & Benefits	
New Living Allowance for High Cost Areas:	-Help for 30,000 living in high cost areas -Eliminates "penalty" of being assigned to high-cost areas
Increase Basic Allowance for Quarters:	-Benefits the 700,000 in off-base housing -Reduces absorption of housing costs
Housing	
Family Housing:	-Keeps 10,000 on-base homes that would otherwise close due to lack of maintenance
Dormitory/Barracks Improvements	-Over 5,000 barracks spaces upgraded (1,200 immediately)
Private-sector Housing Ventures	-Innovative housing approaches.
Community & Family Support	
Child Care Spaces Increased:	-Capacity increased by 23 percent(38,000 spaces)
Family Advocacy:	-Increased resources for prevention and treatment of family violence.
Improved Morale, Welfare & Recreation:	-Achieves \$295 per capita comparability

QUALITY OF LIFE TASK FORCE

As we move forward with the plans I have outlined, we are searching for additional ways to improve military life. In order to ensure that we are doing everything possible to support our men and women in uniform and their families, Secretary Perry has established a panel of distinguished outside experts to form a **Quality of Life Task Force**. The Task Force, chaired by former Army Secretary Jack Marsh, will provide recommendations for improving housing and the delivery of community and family services. The Task Force will also advise the Secretary on initiatives he can take to address the issue of personnel turbulence--an increasing problem in an era of high deployment rates--and its effect on military families. The Secretary has also established an internal **Quality of Life Executive Committee**, chaired by Assistant Secretary of Defense Fred Pang, to ensure that the approved recommendations of the Marsh Panel are carried out swiftly and efficiently.

EIGHTH QMRC

The Eighth Quadrennial Review of Military Compensation (QMRC), which formally began its work this January, gives us an additional opportunity to review how we provide for our service

members. Whenever he considers it appropriate, but at least once every four years, the President is required to direct a complete review of the principles and concepts of military compensation.

The President has directed that the Eighth QRMC address both the challenge of supporting the men and women who serve today and the actions necessary to ensure the vitality of the forces that will protect our nation in the years to come. This QRMC will look to the future and will identify desirable components of a military compensation system capable of attracting, retaining, and motivating a diverse military force in the 21st century. Their long-term strategy is to set forth a framework for military compensation in the next century and to design the components of the compensation system, along with a strategy for implementation. Short-term objectives include a review of ways to reengineer elements of the current compensation system to better support readiness and the quality of life initiatives of Secretary Perry and the President, while expediting the adoption of initiatives that put people first and thereby support readiness

PERSONNEL SUPPORT, FAMILIES & EDUCATION

In addition to Secretary Perry's quality of life initiative, we are working hard to fulfill our ongoing responsibility to support all areas of military life.

COMMISSARIES

Commissaries support a reasonable standard of living for military people stationed in the United States and abroad. They help offset the economic stress experienced by many families. Surveys show that consumers can save an average of 20 to 25 percent over commercial retail food stores, and annual savings can range from a few hundred dollars to more than \$1,500, depending on family size. This non-pay benefit is an integral part of the non-pay compensation package for active duty military personnel, members of the reserve components, and military retirees.

Secretary Perry has made clear his view that the commissary benefit must not be eroded. As of October 1994, there are 223 commissaries in the United States and 108 overseas, where they are often the only source of American products.

OFF-DUTY EDUCATION

Off-duty, voluntary education benefits both the service member and the nation. DoD offers outstanding incentives to military personnel who want to continue their education on their off-duty time, or increase their skills to become more competitive in their military careers. In Fiscal Year 1993, the Department made available \$134 million in tuition assistance, which represented 75 percent of the cost of studies undertaken by service members. Almost 40 percent of the force participated in college and university courses offered through the program. The table below reflects the magnitude of participation in the voluntary education program during Fiscal Year 1994.

TABLE 5
OFF-DUTY EDUCATION

PROGRAMS	NUMBER ENROLLED	DEGREES EARNED
HIGH SCHOOL/GED	1,300	700 GED/HS DIPLOMAS
UNDERGRADUATE	637,703	20,471 ASSOCIATE DEGREES 5,603 BACHELOR'S DEGREES
POST-GRADUATE	79,103	4,371 MASTER'S DEGREES 32 DOCTORATES
FUNCTIONAL/BASIC SKILLS	57,359	N/A
DANTES TESTING	255,410	N/A

CHILD CARE

Service members are parents to 1.2 million children under the age of twelve. Reliable, high-quality child care helps military families achieve economic security in a time when two incomes are often essential. Not only is the Department the largest provider of child care in the world, but DoD child development services have been heralded as a role model for other government agencies and the nation as a whole. Approximately 166,000 child care spaces are

available at 374 locations worldwide. The Department has a potential child care need for 312,000 spaces.

FAMILY ADVOCACY PROGRAMS (SPOUSE AND CHILD ABUSE)

As the rate of deployment for service members rises, the stress and the potential for family violence increases. The Family Advocacy Program (FAP), now in its fourteenth year, has been successful in helping troubled families.

In addition to treatment and intervention, FAP works to recognize the signs of potential abuse and to institute training and support systems that prevent it from starting. Congress has helped enormously by increasing assistance to new parents and first-term families. New parent support programs will be implemented at installations with high populations of young, first-term families. Outreach services will include pre- and post-natal home visits, parent education, and other skill building services.

YOUTH PROGRAMS

While the number of children in the birth to age five population is decreasing, there has been an increase in the number of children ages 6 to 18--now more than 854,000. The increased tempo of deployments is creating greater strain on families of these children. We are concerned about an increase in the number of substantiated cases of child abuse in these age groups, especially the adolescent population.

We are also concerned about the general welfare of youth on installations, who are not immune to the forces of violence and gang activity that trouble the nation as a whole. In addition to maintaining youth activity centers, which feature social and recreational activities, we have begun supporting locally developed child and adolescent support projects through the Model Communities Incentive Awards Program. On February 23, we announced the first 20 winners of these incentives, who will share \$6.4 million in DoD funding over the next three years.

MORALE, WELFARE, & RECREATION (MWR)

Morale, welfare, and recreation programs include fitness centers, libraries, sports and athletic programs, as well as a wide variety of other recreational, social, and developmental activities. These programs, along with exchange services, serve 12 million patrons and participants, and employ over 220,000 people worldwide.

Revenues generated from exchange sales and MWR programs are used to build and modernize MWR facilities. In Fiscal Year 1995, the nonappropriated construction program totaled \$323 million. We have streamlined operations, modernized facilities, and freed the hands of the Services and the installation commanders to act within broad policy guidance.

ARMED FORCES PROFESSIONAL ENTERTAINMENT OVERSEAS

The Armed Forces Professional Entertainment Office (AFPEO) is a joint-service program that logistically supports entertainers who are willing to perform free of charge for service members on military installations overseas. Entertainers perform at numerous overseas locations, with a priority given to remote and isolated sites. Shows are also organized for troops mobilized for missions in such places as Somalia, Macedonia, and Saudi Arabia. In Fiscal Year 1994, the AFPEO fielded 88 non-celebrity tours and 17 celebrity United Service Organization/DoD tours. These tours performed an estimated 2,300 shows, entertaining over 250,000 service members and their families. This small but vigorous program touches the lives of members overseas, when they most need it.

FAMILY CENTERS

By 1994, over 60 percent of our service members had family responsibilities. Our 317 family centers provide them, and their civilian counterparts, with programs that are tailored to the unique needs of military life. In that way, family centers can assist commanders in maintaining the readiness of the total work force. Their responsibilities include information and referral, relocation assistance, personal financial management, spouse employment assistance, outreach, family life education, crisis assistance, and volunteer coordination. These essential services create an infrastructure for the quality of life that military families deserve.

As we saw in the Persian Gulf War, family readiness is a crucial component of overall force readiness. Family center deployment support programs specifically focus on family preparedness--teaching skills to ensure that family members have the capabilities and tools to manage in the absence of the military member. In conjunction with these programs, family support groups at the unit level provide a critical resource and link to other support systems.

As the frequency of deployments increases, family center programs have refocused efforts to mediate the stress associated with more frequent separation. The centers continually adapt, evolve, and develop innovative ways to assist the families in meeting the growing challenge of family separation.

DEPARTMENT OF DEFENSE DEPENDENT SCHOOLS (OVERSEAS)

Department of Defense Dependents Schools will support 87,000 students overseas in Fiscal Year 1996. We strive for educational excellence in all of our schools by extensively involving parents, staff, and the Military Services in strategic planning and by pursuing the President's National Education Goals. Further, we will improve methods of accountability of high student performance and increase the decision-making at the school level, seeking even higher levels of student performance. Parents and teachers throughout the system are involved in the development of a strategic plan that will focus resources on preparing students for the 21st century.

We can report that our efforts to minimize the effects of the drawdown on childrens' education have been extremely successful. In spite of the reductions, DoDDS students scored 8 to 19 percentile points above the national average in all Comprehensive Test of Basic Skills (CTBS) and American College Test (ACT) test areas over the past school year. Although students already perform well above the national norms on standardized achievement tests, DoDDS has set even more demanding targets under the National Education Goals in the areas of math and science, as well as core studies throughout the elementary and secondary grades. By the 1996 school year, we expect schools in Europe and the Pacific to be stabilized from the drawdown.

DoDDS has maintained a quality educational program with enhancements such as distance education, foreign language immersion, reading recovery (a program to help children-at-risk learn to read) and advancement via individual determination (a college preparatory program for students who come from backgrounds most underrepresented in four-year colleges and universities). DoDDS has also offered a testbed for applications of advanced technology, including the use of the Defense Simulation Internet. DoDDS now serves all preschool children between the ages of 3 and 5 with disabilities under the provisions of the Individuals With Disabilities Education Act.

DOD DOMESTIC ELEMENTARY SCHOOLS (DDESS)

The DDESS program (formerly Section 6 Schools) provides education to approximately 33,000 eligible dependents residing on 16 military installations in the United States and Puerto Rico. The schools have locally elected school boards that participate in the development and oversight of policies, procedures, and programs. Under the National Education Goals, we have developed special projects to support a high degree of parental participation in child development, preschool, and early childhood development programs; advanced placement courses; special instructional models; and strategies designed to help students learn. This agency also has oversight responsibility and fiscal support of eight special contractual arrangements with local educational agencies in five states and Guam, serving an additional 6,000 students.

CHAPLAIN SERVICES

The military chaplaincies serve as the link between service members, their families, and support services throughout the Department. They act as liaisons with family centers, family advocacy, and other military relief programs; they also work with outside organizations such as the American Red Cross and drug and alcohol rehabilitation centers. Chaplains offer expert assistance at pre- and post-deployment briefings, provide pastoral care to family members who remain at home, and facilitate the religious and spiritual needs of deployed service members worldwide.

RELOCATION/BASE CLOSURE ASSISTANCE

When a military base closes, no one feels the stress more than the families who depend on that base for their living. We have responded by organizing a base closure assistance team to provide commanders with expert consultation to address individual installation issues. The multi-disciplinary teams will work with affected installations to identify potential problem areas and to develop strategies and solutions tailored to local needs. We are also gathering "lessons learned" and developing resource and planning guidance to ensure that organizational and individual needs are addressed during the closure and realignment process.

IMPACT OF BLOCK GRANT PROPOSALS

Since many young military families are of moderate means, we have taken a strong interest in Federal programs that help them make ends meet. We are concerned that proposals to shift many of these programs that support families, such as the Women, Infants & Children Program, to state block grant mechanisms may harm some rank and file service members. We urge the Congress to give consideration to military personnel as they reform these programs.

CIVILIAN PERSONNEL

Even as we work hard to maintain a good quality of life for our service members and their families, we understand that our civilian workforce is a crucial link in our national defense. The Department of Defense employs over a million civilians around the world. With roughly 824,000 of these in the Federal Civil Service System, we are by far the largest Federal employer; indeed, we account for nearly half of the Federal civil servants. Additionally, we employ about 180,000 through the nonappropriated fund system to work in morale, welfare, and recreation, as well as 62,400 foreign nationals at our bases outside the United States.

DOWNSIZING THE CIVILIAN WORKFORCE

The Department of Defense has accounted for the majority of personnel cuts in the Federal government. Our regular employment has fallen from 1,117,000 at the end of Fiscal Year 1989 to 887,000 in November 1994. DoD civilian strengths are portrayed below.

TABLE 6
CIVILIAN END STRENGTH

	FY 94	FY 95	FY 96	FY 97
	<u>(ACTUAL)</u>	<u>(PROGRAM)</u>	<u>(BUDGET)</u>	<u>(BUDGET)</u>
ARMY	279,526	269,673	257,059	248,830
NAVY	252,959	237,820	224,260	214,168
AIR FORCE	196,489	190,061	184,398	178,928
MARINE CORPS	16,141	16,334	16,417	16,490
<u>DOD AGENCIES</u>	<u>155,625</u>	<u>153,039</u>	<u>146,456</u>	<u>140,630</u>
TOTAL	900,740	866,927	828,590	799,046

In the past two fiscal years, we reduced civilian employment by roughly 115,000 people; fewer than 8,000 of these separations were involuntary, that is, as a result of Reductions in Force (RIF). We have tried hard to avoid RIFs because they are so costly in morale, productivity, time, and money. To achieve this, we have relied on a variety of policy tools provided by the Congress, including hiring freezes, the Priority Placement Program, separation incentives, outplacement assistance, and collaborative ventures with the Department of Labor and the Office of Personnel Management (OPM). Our separation incentives, or buyouts, started in January 1993; roughly 54,000 employees have taken them so far. Further, over 8,000 employees have retired under the Voluntary Early Retirement Authority (VERA).

This year marks the 30th anniversary of our Priority Placement Program (PPP), a pioneering effort to help displaced DoD employees find other positions within the organization. It is part of the Civilian Assistance and Re-employment (CARE) Program, which is designed to help the Department meet its drawdown goals of achieving necessary reductions, minimizing the impact on civilian employees, helping laid-off employees, and maintaining workforce balance.

In the central CARE activity, PPP placements increased to an average of 900 per month for Fiscal Year 1994. The program's interactive bulletin board system now connects personnel offices worldwide with the CPMS systems support branch. This connection has allowed us to process an average of 19,000 registrants a year, up from a few thousand several years ago.

Despite the heavy drawdown, between the end of Fiscal Year 1989 and the end of Fiscal Year 1994, the percentage of women among civilian DoD employees held steady. Although the relative percentage of women in blue-collar occupations fell slightly, the percentage of mid- and high-grade white-collar positions going to women increased. The relative percentage of minorities in the workforce rose in all General Schedule categories. Much of these successes can be attributed to intelligent, aggressive use of buyouts and the PPP. The Priority Placement Program protects our capital investment because it lets us transfer valuable assets to other locations within the Department.

We have managed our reductions by being true to our goals (reducing staff, avoiding involuntary separations, assisting employees, and achieving balance) and by steadfastly holding to mission and readiness requirements. We have delegated authority to the lowest levels possible in order to let managers determine where reductions are needed and which skills they need to retain. Our voluntary tools (incentives, VERA, hiring authority) allow managers to control, to a large degree, who goes and when. We also pay constant attention to workforce demographics and the results of downsizing, most notably through a Workforce Reshaping Task Force managed by the Office of Civilian Personnel Policy.

We have successfully used a variety of tools provided by OPM to achieve our goals, including:

EARLY RETIREMENT FLEXIBILITY

OPM allowed us to expand early retirement authority to cover locations where we could create placement opportunities.

RETIREMENT ELIGIBILITY

When we closed Eaker Air Force Base in Arkansas, we learned that a woman would be separated only three weeks before she was eligible for a retirement annuity; yet she had to be let go. We worked with OPM, which agreed to publish a rule change to allow employees to use annual leave if that would let them reach retirement eligibility. This Title 5 change, of course, helps all Federal agencies, not just DoD, to manage downsizing more humanely.

TRAINING AND RE-TRAINING

When we closed Mather Air Force Base in California, regulations at the time made it impossible for the Department of Labor to help with retraining employees until RIF notices actually were distributed. We worked with OPM and DoL to develop a "certificate of expected separation" that may be used six months in advance of a RIF to receive eligibility for Job Training Partnership Act programs.

CIVILIAN PERSONNEL REGIONALIZATION AND SYSTEMS MODERNIZATION

With the establishment of regional servicing centers and the movement of all DoD components to a standard, modern data system, we will go from one personnel specialist for every 60 employees to one for every 100 by the year 2001. After the new system is in place, DoD will save about \$156 million a year.

DEVELOPED LABOR-MANAGEMENT PARTNERSHIPS

The Office of Civilian Personnel Policy continued to use its Presidents' Roundtable to involve union, employee, and managerial groups, as well as the Services and Defense Agencies in civilian personnel policy. More significantly, we managed to have the Defense Partnership Council chartered and its bylaws adopted. Further, the staff provided partnership training to over 700 senior managers and their counterpart union representatives in support of the National Performance Review.

INITIATED LIAISON OFFICES FOR INJURY AND COMPENSATION

We located field liaison offices at Department of Labor offices, through which technical experts have provided advice and guidance to the over 400 installation personnel on Federal Employees'

Compensation Act (FECA) matters. Reviewing injury claims at DoL and encouraging installations to re-employ injured workers resulted in 158 successful placements. As a direct result, actual one-year savings exceed \$3 million, with potential savings exceeding \$101 million.

STREAMLINED AND INCREASED COMPLAINT INVESTIGATIONS

The Office of Complaint Investigations (OCI) reduced its work-in-progress inventory by a third while reducing staffing levels by 8 percent. It increased monthly production almost 20 percent through economies of scale, staff training, and streamlined procedures. By implementing mediation, OCI has enabled local parties to achieve settlement in over half of all mediation attempts. Conservatively, OCI's use of mediation has been saving DoD at least \$8 million a year. As all investigators become trained mediators, the savings should rise even higher.

EQUAL OPPORTUNITY

Finally, I want to stress our unwavering commitment to equal opportunity and to the right of all military members and civilian employees in the Department of Defense to perform their jobs and pursue their career objectives without discrimination or harassment. Secretary Perry has set in motion a comprehensive set of initiatives that will help ensure that we build on our past successes.

- First, he established the Office of Deputy Assistant Secretary of Defense for Equal Opportunity as a focal point for military and civilian programs and appointed Mr. William E. Leftwich, III to serve as Deputy Assistant Secretary.
- Second, he restructured the Department's Defense Equal Opportunity Council (DEOC) to emphasize management accountability. The DEOC is chaired by Deputy Secretary of Defense Deutch. Its membership includes the Service Secretaries, the Under Secretaries of Defense (including myself), the Director, Administration and Management/Washington Headquarters Services, and other members of OSD's senior management team.

- Third, he initiated a major study of the officer "pipeline." This study will help us to outline a clear and achievable vision of what we need to do to improve the flow of minority and female officers from recruitment through general and flag officer ranks.
- Fourth, Secretary Perry set in motion a vigorous, sustained effort to improve the representation of women, minorities, and people with disabilities among our civilian managers.
- Fifth, he energized our program of equal opportunity training, particularly the training of our leaders to ensure they understand their responsibilities with respect to equal opportunity. In response to this charge, the Defense Equal Opportunity Management Institute has developed special seminars and briefings for senior civilian and military leaders, including a mandatory two-day program for all new flag and general officers and members of the Senior Executive Service.

Secretary Perry has also focused our attention on the need to combat sexual harassment as a key element of our overall policies to ensure fair and respectful treatment of service members and civilians. Secretary of the Air Force Widnall and I have developed a five-part policy action plan in response. We also head a Task Force on Discrimination and Sexual Harassment that reviews the Services' discrimination complaints systems, including issues such as the training of complaint handlers, commanders, and supervisors; the conduct of investigations; support services for victims; procedures for the prevention of reprisals; and procedures for reporting the results of investigations.

Last August, Secretary Perry set out sexual harassment program guidelines that established baseline standards for all elements of the Department of Defense that firmly underscored his commitment to eliminating sexual harassment from the DoD workplace. We will soon issue a new directive to set out Department-wide standards that are informed by the work of the Task Force on Discrimination and Sexual Harassment.

As I indicated earlier in my statement, we are well along with the task of right-sizing the force. We have achieved this without reducing the representation of women and minorities in the services--indeed their representation has improved. Our task now is to meet Secretary Perry's vision and complete the measures necessary to expand opportunities for women and minorities.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions that you and the members of the Subcommittee may have.

Mr. DORNAN. Thank you, Dr. Dorn. I have looked over the comprehensiveness of your statement, and I appreciate you shortening your opening remarks. I can assure you, the staff is going to go over this very, very carefully. I have some questions for you, but I thought while we still have members here before the vote, if Ms. Becraft would like to make her opening statement and then I will defer to Mr. Pickett for any opening questions.

STATEMENT OF CAROLYN BECRAFT, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR PERSONNEL SUPPORT, FAMILIES AND EDUCATION

Ms. BECRAFT. Thank you, Mr. Dornan. It is a true pleasure to be here today to talk to you about our quality of life program. I think we have developed a comprehensive set of initiatives and have excellent programs in the Department of Defense. I look forward to your questions.

Thank you.

Mr. DORNAN. All right. Good. Mr. Pickett.

Mr. PICKETT. Thank you very much, Mr. Chairman, and a special welcome to our witnesses today.

Secretary Dorn, you finished up your remarks referring to health care, and I can't help but start off with a question on that issue. It is a very important benefit for our military members and their families.

There seems to be some perception that may be reflected in the Rolls and Missions Commission results that leads one to believe that there is excessive capacity in military health care; and I wonder if you could tell us your views about that, how you see this issue playing out and whether or not we are setting up military medical care to be a target for cuts by this kind of action.

Dr. DORN. Mr. Pickett, we strongly disagree with the conclusion of the Rolls and Missions Commission that our medical care infrastructure is too large. Quite the contrary, we believe that it is adequately sized to meet our obligations, which are two: One is our obligation to ensure the readiness of our military medical facilities for military contingencies, but the other is to provide for the medical care, for active duty beneficiaries and for retirees. We have sized our system so that it is capable of serving the needs of 8 million potential beneficiaries.

We believe it would be a serious mistake to downsize the military medical care infrastructure solely to meet wartime contingencies. That, we believe, would deny military health care providers with the training they need, quite honestly, to deliver adequate medical care in the field when it is absolutely needed. It is very hard to learn and practice your craft when your client base consists almost entirely of very healthy young people.

Mr. PICKETT. Is it fair to say that in a sense, military medical care is a zero sum; that if you start taking out medical care positions, you are not necessarily going to be able to save those dollars, because the costs will reappear in some other format, another place that you will have to pay out for readiness purposes?

Dr. DORN. That is probably right, sir. I don't know if I had thought about it in precisely that way, but it is clear that we have obligations to care for our people and we certainly have obligations

to maintain the readiness of our medical personnel. We believe we have a system that is sized to meet those obligations.

Mr. PICKETT. All right. Thank you.

One other issue that has given me some concern, and I don't mean this in a sense of pointing a finger or questioning what it is that we do; it is more in the nature of the issue of fairness, and that has to do with child care. Just recently I have been touring bases in my district, and at the child development centers on base, the parent pays a fee that covers about one-third of the actual cost.

If that parent has a child who is in home care, the parent pays the identical amount for home care as that parent pays for the child to be in the child development center. And then you compare that with what the single, unmarried member is provided who doesn't have a child, and there is a fairly significant amount, fairly significant dollar difference if you begin to add up the benefits here between people in these different categories. And I am wondering if this issue is being looked at and what kind of alternatives that you may be considering to balance this equation some.

Dr. DORN. I might ask Ms. Becraft to answer that if I may, Mr. Pickett.

Ms. BECRAFT. Are you referring to benefits for parents as opposed to benefits for single people?

Mr. PICKETT. Well, it is just the fact that if someone—a military member with a child in a child development center is costing one amount, and a military member without a child is costing another amount, are we accounting for that and equalizing the benefits in some way?

Ms. BECRAFT. If I understand your question correctly, a number of years ago there was a concern by the Congress for nonappropriated funds that were going into child care. And we have in the last couple of years, readjusted our fee policy so that child care is essentially a break-even situation. The only service now that continues to put nonappropriated funds into child care is the Army. They have drawn that down significantly and are going down to zero. The other services do not. Does that get to your question?

Mr. PICKETT. Well, I did not mean to surprise you on the question. The issue about nonappropriated funds being used to make up the deficiency in the cost of providing child care is one that I think has largely been remedied, as you correctly observed.

Ms. BECRAFT. Yes; that is correct.

Mr. PICKETT. I am looking at it from a little bit different perspective from the standpoint of are we, in fact, providing a super benefit to one group of military members, and other military members on the other hand are not getting anything, and should we be looking at some way to equalize this among the military members.

Dr. DORN. It is an interesting question, Mr. Pickett, and it leads to a broader question which is whether or not we, the military, should have a straight salary system or should it consist of the current mix of salary and benefit as is currently the case. It is true that pay varies, or rather that one's total take-home income varies with one's family status in the military, and with where one lives in the military. Few live on base, and you don't have as much take-home pay as if you live off base.

If you have dependents, you get certain entitlements and you may be mentioning one subsidy, of course, or you can consider it a subsidy, child care. We consider that part of the cost of doing business in the All Volunteer Force. We have a force that increasingly is married, and thus has a series of demands or needs, not just for child care, but also for additional—for schooling and for health care that our largely single draft-era military did not. We believe that those costs are essential if we are to continue getting and retaining high-quality people.

Mr. PICKETT. All right. Thank you.

Thank you, Mr. Chairman.

Mr. DORNAN. All right. Thank you. This is our final vote of the day; we will have second bells here in a few minutes. We will go until about 4 or 5 minutes out, because they will keep it open for a while, and then we will return. We will take a short recess.

Dr. Dorn, you heard how definitive I was in my opening statement, and I know you agree that military members and their families' view of pay is the most vital of all of the quality of life considerations. You have seen all the polling, you have even initiated some of it. And I think you are right on target in your statement when you say, and I would like to quote it, "no single stimulus is stronger than monetary compensation in generating the retention of top-quality people."

Well, we know that service members consider their pay substandard, and a lot, if not all, are worried that it is going to get worse, and they are right, it is going to get worse. Under the President's budget plan, that pay gap will inevitably grow. Not that you approve of this or even want this, but let me just ask you directly, why does DOD allow the pay gap to grow?

Dr. DORN. As you know, and as you mentioned in your opening statement, the Secretary has recommended the highest possible pay raise over the next several years consistent with law. Congress could, of course, change the law and permit us a higher pay raise. But there are, of course, costs involved. The difference that half a percentage point works out to is roughly \$200 million a year, or about \$1.2 billion over the 6-year plan. Those are dollars that under existing constraints would be taken from elsewhere.

Further, one of the things we look at is whether or not we are continuing to get and retain good people under current circumstances, and the answer so far is yes. Our quality of life initiative was grounded in a sense that things were happening. We were seeing indications that we needed to move before pay began to deteriorate too quickly or other quality of life factors deteriorated too much.

But right now, our recruiting is going well and our retention looks pretty solid. I don't think it would look quite as good had Secretary Perry not begun this quality of life cycle, which includes, as you know, not just the \$2.7 billion explicitly allocated to quality of life, which Secretary Perry announced in December, but also a large portion of the \$25 billion addition that President Clinton announced in early December.

Mr. DORNAN. All right. Well, 75 percent of our enlisted force earn under \$30,000, and you have that covered very well in your comprehensive statement. Do you have any problem with this statistic,

that 40 percent of the children attending DOD schools qualify for the school lunch program? That is about correct?

Dr. DORN. I think that is correct.

Mr. DORNAN. And I don't think many Americans know that, outside of the military family, extended family. I just don't think Americans are aware of that. The number of personnel eligible for food stamps is estimated by some to be even over 3 percent, and we think the actual number receiving food stamps is at about 17,000. Would you accept that?

Dr. DORN. It is about, when we conducted a survey a couple of years ago, we found 16,000 or 17,000 people then collecting food stamps. That is a little less than 1 percent of the active duty population. I should say that a large percentage of those who were eligible for food stamps were eligible partly as a result of the way in which the Department of Agriculture calculates the benefit. That is, they were soldiers or sailors living on base in Government housing, but the value of free housing is not counted when we compute the value of food stamps. That is one consideration.

I have a chart and I will be pleased to provide it for the record which basically says that—

Mr. DORNAN. Is that chart in your statement?

Dr. DORN. I do not believe it is in my statement. It is a chart which basically says that in order to be eligible for food stamps, an E-3 would need to have four dependents. That is, a young person with a fairly large family.

Mr. DORNAN. Right. Then the fourth point, our staff has reasonable doubt that military commissaries redeem millions of dollars' worth of WIC coupons, women, infants and children's nutrition program coupons. Then during our hearings last week, we have heard senior noncommissioned officers and personnel chiefs from each service express great uncertainty and concern about the future of recruiting.

It is like we are holding our breath. And I learned a stunning statistic; that the Navy has gone up from desert-war period, signing on the contract dotted line for enlistment, 1 out of every 9 interested people to about 1 out of every 160. That is an awful lot of contacts to get one person to sign on the dotted line, and I asked the three other personnel chiefs, the admiral and generals, if it was about the same for the other services, and they didn't have the exact figure, but they said it is about the same. Marine Corps confirmed that it was about the same.

And then when you tie this into what they were describing as on the edge of a retention crash, similar to that which precipitated the hollow force, we know how important pay is. I would like to ask you three questions and then take a recess, give you plenty of time to come up with answers.

Why wasn't a full military pay raise worth doing in fiscal year 1996, question one.

Question two, does the Department not see the same threats to the force that I have outlined, building up to this enlistment crash bottoming out, and three, did the Department consider recommending legislation to allow a full ECI employment cost pay increase. That is number three.

We will take a short recess and I know at least the chairman is going to be back.

[Recess.]

Mr. DORNAN. That took a little longer than I thought, because I have cleared the decks and we will proceed to conclusion here.

Secretary Dorn, please start with that first question I asked before the recess: Why wasn't the full military pay raise worth doing in fiscal year 1996?

Dr. DORN. We did recommend the full pay raise allowed by law, and I should say in respect to that, that this President, this Secretary, this administration, has committed itself to a pattern of pay raises through the end of this century. That is unprecedented, and I think it is a big deal. And I would think that it would be very heartening to people in the force and to members of this committee that this administration has made that commitment.

Now, with respect to the question of whether or not we wanted to come to Congress and ask for a change in legislation so that we could offer a higher pay raise, I do not recall that discussion in the building. Quite frankly, we were pleased that we could push—we were pleased and thought it was a very big deal to make a long-term commitment to pay raises.

Second, of course, we have to worry about balancing out a program. Pay is extraordinarily important, but other things are very important as well. And as I mentioned, the cost of that extra one-half a percent is about \$200 million a year in a budget as constrained as ours; that is worth taking into consideration. We did, however, look at the threats that you alluded to earlier.

It is one of the reasons that we committed ourselves to a pay raise over the long term and one of the reasons the Secretary committed himself to other things. Now, there is always an opportunity to relook these matters, and we will be doing it in several ways. One is with respect to quality of life. We mentioned that former Secretary March will be looking at a quality of life package.

At the same time, we have begun a quadrennial review of military compensation, which will look in very broad fashion at the full mix of pay and benefits and help us sort out whether we have not just the right pay, but the right pattern of benefits to continue recruiting and retaining a force into the 21st century.

So I don't think you have seen the final word on this from the Department, but we felt that the decisions the Secretary and the President made last fall were very important and should send a good, encouraging message to the force about how much we, and how much this country, values their service.

Mr. DORNAN. You have a unique position in that your under secretaryship not only has personnel, but readiness under you. And, on lot of what we analyze in life is first driven by personal experience. I joined the Air Force as a teenager and rode on a bus up to Parks Air Force Base where every single other person on the bus was seeking some way to avoid going in harm's way. They thought the way to join the Air Force was the way to stay out of the mud or snow of Korea, and that they would be in a safe radar site somewhere. It was a demotivating experience for me, because I was the son of a decorated combat World War I artillery officer and I was going for one reason and one reason only, to take tests

to be a pilot and to work internally, because I didn't have a college degree. And within 6 weeks, this very week, 42 years ago I passed my pilot training test.

It was great relief for me, even though I had to wait 6 months in a brand new category called precadet, because there were so many gung-ho young Americans in 1952 and 1953 that there was a 6-month backlog to get into pilot training. So they created a category called precadets. We wore a little flash on our epaulet, but we were still basic third airman and second.

When I finally got into pilot training, which was fulfilling a dream since the Battle of Britain when I was 7 years old, I got to serve with people who wanted to go beyond the average service. They wanted to do something that involved danger and adventure. And I found this commonality between people who wanted to ride the riverine boat, skipper a PT boat, fly a fighter, serve on a submarine, draw incentive pay, hazard pay, jump pay, go to ranger school, go to survival school, or just do anything that is beyond what generally is just the honor of serving.

I found that in units like that—I try to avoid the word elite, because in the civilian world it has a negative ring—but in the military world, it is best, I guess, encompassed with the word “special.” People who are involved in special services or special roles are motivated not only by pay; that is not a consideration when it is OK, when the pay level is in the ballpark. They are motivated by what their job is. If they are young enlisted men, they go home and say just like the commercial, “I drive the best armored tank or vehicle in the world,” and “I have a sharp bunch of young guys who depend on me and I am a buck sergeant and I command an M-1 tank.” Or “I work in the most dangerous environment in the world, the deck of an aircraft carrier, and I serve great pilots and RIO's and bombardier navigators and I work on that deck and make sure that equipment is there to trap them when they come back on board with maybe a problem and I like the danger of my job, and I have got the best equipment in the world.”

Sometimes they will say, as I did, “I am waiting for the F-104 Starfighter. I fly a Mach 1 airplane, I am waiting to fly a Mach-2 airplane and I am going to sign up for another 2, 3, 4 years.”

When the equipment is eaten into, people tend to say, I don't care what they pay me, I am not going to work on all this rusty equipment, it is old, it is beat up, we are not trained to a fighting edge any longer, you know exactly where I am going with this exposition. It is a package deal.

If somebody is a combat-ready person, they are in the service because they love their job and their equipment is new or it is coming, an F-22, a move to kill it on the House floor yesterday, they are going to have a supersonic cruising fighter aircraft, they are going to get a new attack sub, or they already see in the military publications the next tank.

Today I had access to classified documents on Russians, on the Russian's new fighter bomber to replace their interdiction SU-24 Fencer. I don't know where they get the money to do these things, but they do it. And you have to strike this balance between readiness and equipment, what is coming down the line, and all the other quality of life issues.

Because people below you, in the chain of command, are specialists, they are going to look at just health in our future hearings, just health, just pay issues. You will be before Mr. Bateman and the Readiness Subcommittee talking about just the combat-readiness situation of our young forces and their terrific noncommissioned force in the officer core. So I just want to take this opportunity before I go back to ask some of the more technical questions, how much your under secretaryship office tries to weigh all of these factors: that we will lose people to the airlines from one of the most expensively trained jobs; going back to your own statement, how long it takes to prepare a person to be a captain or to be the skipper of the world's largest moving object, a supernuclear carrier, what you think about striking that balance between that pride.

We had pilots hitting the barrier, I was lucky I never did, because we weren't flying enough. A team came over from Norton Air Force Base which was then, I think it still is, Air Force flying safety and they said this is unsafe, flying 12 hours a month. So they recommended a minimum of 16, because we were in the world's best fighter aircraft.

Something happened in Eisenhower's last 2 years, very similar to what I see now—they cut us to 8 hours a month, and more people hit the barrier, and a few people died. That just wasn't safe. I looked at the National Guard and said, why are they flying 20 hours a month? Today, F-15, 14, 16, 18, carrier, I don't even think 20 hours is the way to keep the cutting edge.

So I got out when in 1957 and 1958, Eisenhower's last 2 years, the flying dropped to 10 to 8 hours a month. It was dangerous and demotivating, so out I went into the Guard. Into the next decade, I was sorry I was out and tried to get back in. But that was pre-Vietnam, so you couldn't always have what you wanted.

Just give me your view on how you are going to balance over these next few years readiness and the morale it engenders in the forces; good readiness, and all of these quality of life issues. You have the job where they both come together.

Dr. DORN. Mr. Dornan, the way you set the question up, it is just—I am sort of awed at the prospect of being able to answer it. I do appreciate your mentioning that people are interested in both the intangible as well as the tangible benefits of service. It is pride as well as for tangible benefits that people serve; and one of the things we have to do is ensure that they maintain that pride. That is partly achieved through good, rigorous training on good, modern equipment.

I have not had the privilege of flying as you have flown; I have had the privilege of standing beside a landing duty officer on the deck of a pitching carrier and watching him guide those planes in for a night landing. It is awesome and frightening; it is not something that I think I would choose as a career for myself, but it also leads me to think that it is not something where I am in a position to say, as someone said when you were on active duty, you can do this, you can learn to do this by flying 8 or 10 or 12 hours a month. We—our carrier pilots are flying 20 or 22 hours a month, and based on what I have seen, I would be hard-pressed to tell them or to suggest that they perform any differently. That is tough work. But incidentally, so is it tough work to master the intricacies of a

modern main battle tank. And so we have regiments for doing that as well.

Mr. DORNAN. Or a Patriot battery, any of these things that are so complex now that once you have mastered it, you develop that sense of pride. Now I like what you said, all of these intangibles.

It is not only in sports or in civilian job satisfaction where somebody will turn to a friend and say, "It doesn't get any better than this." It sometimes comes when you are just dripping wet with perspiration and you are tired at the end of the day, but you are doing something that you take great, use your word, pride in, and that is the military at its best.

It is going to be tough to keep that. And I think the problem that we are going to have in Congress, and we are going to need to work closely with you, is I think we are down to the rock bottom with Army divisions. But sometimes I would rather have a spartan 300 motivated men and women, highly trained, worked a little hard, but paid well, and with the best equipment in the world and have less of them—that gets into that word elite—than to have the bare minimum divisions, but have everybody wishing they had a little more fuel, a little more maintenance time, and a little more combat readiness.

It is going to be a tough call as we decide what is the right force with the right pay, the right housing, the right hospital care, the right equipment, and the right amount of fuel so that they can be a paratrooper and not just pin their wings on and think about how long it has been since their last jump. And this is going to be a tough job for all of us to do and then look at all of those roles around the world and then look at the industrial base which my friends Duncan Hunter on procurement and Curt Weldon on R&D will have to do and say, well, how far do we project our buying into the future?

How much money do we put in R&D to have the world's best equipment? We always have people looking at the crime scene in America, the school problems, and the dropping SAT scores say, well, maybe we shouldn't think about colonizing Mars or having a force where we can help what is happening in Burundi and the ghastly genocide in Rwanda. Same people, same problems, same tensions, same assassination of their energy minister today, funerals today in Burundi, tensions are exploding, people are warning people to stay off the streets, and it is a tough, tough world with all of these calls.

I appreciate your expertise because I know as a young officer in Frankfurt, even in a field like intelligence, you have that same pride, that when you were working all night long looking at the faulty gap of Soviet threat, you were thinking it doesn't get any better than this. I am keeping the peace and this is a good job.

Let me ask a question then that comes down to where the rubber hits the road here on OMB, Office of Management and Budget. Do legislative initiatives still get stuck over there? What is going? It must be frustrating for you, but what is happening with this over there?

Dr. DORN. I guess you would have to pose a more specific question. In the case of routine legislation, I am not aware that the rhythm at OMB has changed significantly in recent years.

Mr. DORNAN. Well, let me flush it out a little bit. The subcommittee has projected the markup, the authorization bill about mid-May. We still have not received the Department's legislative initiatives for all the military personnel issues. Now, there are a great many important proposals in the package, but they are at last report from what we can tell still being reviewed over at OMB; that it has not been your shop.

We have also been advised that the contingency account that is supposedly the funding source for many of these recommendations has a faulty funding initiative, and it essentially bankrupts the account. CBO is not satisfied with the savings claimed from the defense stockpile initiative included in the contingency account.

So I will shorten the questions down to this: When can we expect to receive the Department's legislative agenda, and No. 2, following from that, does the Department intend to fully fund the contingency account, or provide funding for legislative proposals in another way?

Dr. DORN. I would like to take the second question for the record, Mr. Chairman. I am not sure I can address that.

[The following information was received for the record:]

The legislative initiatives, primarily military personnel proposals, that are funded in the Legislative Contingencies account are very important to the Department. The Department fully intends to fund these initiatives, as is reflected in the FY 1996/FY 1997 President's Budget.

VHA PROBLEMS

Question : Secretary Dorn, I am sure I speak for many of my colleagues when I observe that the Variable Housing Allowance (VHA) is the source of a number of complaints from Service members. Many complain about suffering a reduction to the local VHA rate despite the fact that the member's housing costs remain the same. We have also been made aware of concerns that the method of calculating VHA may cause the VHA rate for some of the lower grades to drop below the level needed to rent a minimally-acceptable home.

- Would the Department support legislation to correct either or both of these issues?

Answer: Secretary Perry is very supportive of Quality of Life initiatives that assist Service members in providing adequate housing for their families. The Department is reviewing several possible options to improve VHA. One option is based on the recommendations of the Seventh Quadrennial Review of Military Compensation (7th QRMC) to establish a housing allowance floor to ensure that junior members can afford adequate housing. The base of this floor would be determined by an external survey of housing costs at the \$20,000 annual income level. The second option under review is a variable housing allowance (VHA) rate protection; this would guarantee the member's VHA would not be lowered during his or her tour of duty in a specific area. Both of these potential improvements will be considered during DoD's Summer 1996 Program Review, which will shape the Department's Fiscal Year 1997 legislative program and budget.

UNFAVORABLE TRENDS RELATED TO QUALITY OF LIFE

Question: Secretary Dorn, the Subcommittee has observed that there has been a general increase in suicides and attrition from basic training within all the Services. We have also noted that the incidence of spouse abuse is noticeably up in the Army and the Air Force.

- What is your view of these trends and other similar trends that you may have noticed and are deficiencies in quality of life programs a factor?

Answer: There have been no trends in the total number of active duty suicides between 1987 and 1993, the last full year for which we have data. The number of suicides is listed by Service in the table below.

	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993
Army	82	97	76	104	97	86	84
Navy	83	71	57	55	52	60	60
Air Force	79	98	59	58	62	53	60
Marines	19	25	29	33	21	20	35
TOTAL	263	291	221	250	232	219	239

The actual suicide rate for the military is favorable when compared to the civilian population adjusted for age. The Military Services conduct extensive suicide prevention and education programs. In order to address the issue even more in depth, we have established a DoD Suicide Task Force. The Task Force is examining the unique stressors inherent in the military, identification of successful prevention efforts, and the standardization of psychological autopsies of those who commit suicide in order to improve our prevention efforts.

First-term adverse attrition is near 30 percent and has been in that range for a number of years. Below is the attrition pattern over time (percent lost from the cohort that entered in the fiscal year shown, as measured at 12-, 24-, and 36-month intervals).

Enlisted During FY ➡	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Percent Lost at 12 Months	14	14	14	15	14	15	15	15	16	16	18
Percent Lost at 24 Months	21	21	21	23	22	22	23	23	24	23	-
Percent Lost at 36 Months	26	26	27	28	28	28	29	29	30	-	-
Size of the Entry Cohort	310K	320K	311K	325K	297K	278K	283K	228K	207K	203K	205K

As for child and spouse abuse, while there has been an upward trend in reported cases from FY 1989 to FY 1993, our preliminary caseload data for FY 1994 indicate some changes in the previous trend. Our preliminary Family Advocacy Program caseload data for FY 1994 indicate a decrease in child abuse cases throughout the Department in both total cases reported and cases substantiated. Our preliminary spouse abuse case data indicate an increase in spouse abuse cases reported and substantiated. The table below shows the comparative data for FY 1994 and FY 1993.

Fiscal Year	Total Reports	Total Child Reports	Total Child Substantiated	Total Spouse Reports	Total Spouse Substantiated
1994	45,044	21,105	9,661	23,939	17,134
1993	46,274	23,475	10,219	22,799	16,728

We are aggressively pursuing the reduction of the number of substantiated cases of child and spouse abuse cases through our outreach prevention programs that target the underlying causes of child and spouse abuse. Our increased outreach efforts have enabled us to identify these at-risk situations earlier, before a report of an alleged incident, which improves the prognosis for positive outcomes.

PAY GAP

Question: Secretary Dorn, the 12.8 percent pay gap is based on comparisons of military pay raises with the private-sector wage growth measured by the Bureau of Labor Statistics' Employment Cost Index (ECI). The Rand Corporation supposedly built a new index for DoD, called the Defense ECI, or DECI, that reportedly shows there is no gap. In fact, the DECI for 1994 shows military pay to be 3.4 percent above private-sector rates.

- What is the Department's view of the DECI?

Answer: The DECI is a useful tool for certain analytic purposes. It can be used for predicting accessions, indicating potential pay problems for subsets of the military population, and reevaluating the pay table. However, it is not necessarily a better index than the ECI, which we are mandated to use. No single statistic tells us everything needed to assess pay, so we consider a variety of indicators including the ECI, retention trends, and surveys. We also pay close attention to what individual service members, family members, and commanders tell us.

CONUS COLA

Question: Secretary Dorn, the Subcommittee understands that there are technical problems with the implementation of the so-called "CONUS COLA" for high-cost locations in the United States.

- What is the nature of the problem and will it be implemented on time?

Answer: I believe there is a misunderstanding. While there were a number of details to be worked out, there are no problems technical or otherwise in the calculation of the CONUS COLA index. We have identified a number of "high-cost areas" and are coordinating with the Services with the intention of beginning the program July 1.

- Is the Department satisfied with the level of benefit and coverage for the program?

Answer: Secretary Perry has determined the threshold for CONUS COLA to be 109%. At that threshold approximately 26,500 military members will be assisted by the program. The CONUS COLA allowance ranges from 1 percent in those areas just above the threshold to 11 percent in the highest-cost area. CONUS COLA is needed and will be of assistance to members living in these areas. Examining the relative benefits and costs of alternative uses of these funds, we feel that the 109% threshold is appropriate. As we gain some experience with the program, we might consider a modest adjustment to that level.

CHILD CARE

Question: Secretary Dorn and Ms. Becraft, the prevailing view has always been that the Military Child Care Act of 1989 put immense financial pressure on local installation commanders. Given no option as to how to conduct child care programs, commanders were often required to take non-appropriated funding (NAF) from other important morale, welfare, and recreation (MWR) accounts to keep the child care program solvent. This was thought to be very unfair in that the military is perceived to be providing an expensive benefit to a few personnel at the expense of programs that reach a large number of people.

- Is this practice still going on? When will it be fixed?

Answer: Over the past two years all of the Services have worked hard to reduce the use of NAF to subsidize child care. The Services have developed tighter management controls with accountability at the installation and headquarters levels to track NAF subsidies. The changes in the DoD fee policy have also contributed to decrease of the NAF subsidy. Consequently, the Military Services report that in FY 1994 the NAF subsidy for child care was \$6.6M as compared to \$26.4M in FY 1993 and \$38.5M in FY 1992.

- How much of the child care operations are covered by fees paid by service members?

Answer: It is DoD policy that 50 percent of the costs for the child development center are paid for with patron fees. The receipts from patron fees cover the compensation of direct care employees, and food related costs not paid for by United States Department of Agriculture (USDA) reimbursement. The remaining costs to operate the child development center are appropriated funds (APF). Oversight for the Family Child Care program and other supplemental programs such as resource and referral programs are funded totally by APF.

- What is your perspective on the fairness issue?

Answer: Over the last 15 years, we have seen a steady increase in single parents, dual military couples, and spouses who work outside of the home. As a result, these families need affordable quality child care. Finally, we view child care as a "Life Cycle" program that families need for a short period. Although the entire force doesn't need child care at any one point, most need at some time in their career.

- Do commanders really consider child care programs of importance to the readiness of their units?

Answer: With the advent of the volunteer force, there has been a steady increase in the numbers of single parents, and dual military couples. Commanders recognize the need their active duty members have for affordable, quality child care. Military families need child care that is readily available and flexible to meet the demands of the military life style. These life style demands include frequent deployments, extended work hours, and temporary duty assignments, all of which occur with little or no notification. Under these circumstances child

care quickly becomes a readiness issue as it affects the Service members' ability to deploy. However, with declining budgets, downsizing, and the increasing pressure to do more with less, commanders are called upon to make hard choices all around. Commanders are challenged to balance the Service members' needs with competing demands of fulfilling their mission requirements.

HNSC (Military Readiness) March 16, 1995

Question: Recently GAO issued a report that highlighted the limitations of SORTS for readiness assessments and recommended additional indicators that could provide a more comprehensive assessment. According to GAO, the DoD has begun steps to implement this recommendation. What is the status of the Department's efforts in this area and when do you expect to begin using the additional indicators to measure readiness?

Mr. Dorn: We are creating a readiness baseline of indicators that will be monitored to assess the current and future state of readiness. One of the inputs considered in formulating this readiness baseline was the GAO report. We expect to evaluate the usefulness of this baseline, based on Service-provided data, by late summer.

Question: The Services are developing more comprehensive systems with predictive readiness features. Has your office sought to take a leadership role in developing such systems DoD-wide? If not, what do you believe the role of your office should be in this area?

Mr. Dorn: We have not sought to constrain the Services' efforts to look for indicators that can reliably predict readiness. However, we will compare their findings with our readiness baseline once we are satisfied with it, with an eye towards rationalizing all of the ongoing efforts to develop indicators. OSD and Service efforts in this area have been complementary and cooperative.

Question: A recent DoD readiness initiative was the creation of the Senior Readiness Oversight Council. Please discuss the specific readiness indicators that are presented to the Council by the Service chiefs. What significant contribution has the Council made in dealing with readiness issues? What are some of the tangible items that have emerged from the process?

Mr. Dorn: This council, chaired by the Deputy Secretary and co-chaired by the Vice Chairman, Joint Chiefs of Staff, meets monthly to review unit and joint readiness. The Service Chiefs present a current and 12-month projection of the readiness of their combat and support forces in terms of SORTS ratings. In addition, the Vice Chairman of the Joint Chiefs of Staff presents the readiness status of what are called "enablers" (i.e., C3I, strategic lift, etc.) as part of their capability to support joint operations.

The most significant contributions made by the SROC have been 1) to focus attention for the first time on our readiness to conduct joint operations and 2) to agree on a format for presenting readiness information to the Deputy Secretary and senior management in the Department.

While the SROC is primarily a forum for communicating readiness information, action items are developed and responsibility for resolving these items is assigned to an appropriate organization.

Question: Your note in your testimony indicates that DoD has several initiatives underway to develop methods to better predict future readiness. Would you please describe these initiatives and their status?

Mr. Dorn: One initiative is the readiness baseline discussed previously. Another is to share information from all of the activities funded by Operations and Maintenance (O&M) appropriations that contribute to readiness and, using this information, to develop a historical data base.

Such a data base may be useful as a tool for predicting the development of readiness problems. We expect to finish this work by the end of summer.

Question: It is our understanding that there is a significant lag time between the time a unit is reporting readiness difficulties and the time the senior leadership is informed and acts. Is there a need for more expedited notification to senior military leadership to ensure timely remedial action?

Mr. Dorn: The Senior Readiness Oversight Council serves this purpose. In this forum, the Services report directly to the Deputy Secretary on any changes in the readiness posture of their forces on a monthly basis. This frequency of reporting has proved to be adequate.

Question: Each Service maintains an IG operation at the cost of hundreds of millions of dollars to review and inspect the armed services on a wide range of issues. Is there an opportunity to make this structure perform a more active oversight role in assessing readiness?

Mr. Dorn: The role of the IG is somewhat different in each Service. In the Marine Corps, the IG is the readiness manager. In the Air Force, the IG's Operational Readiness Inspections (ORIs) are a major input in assessing readiness. However, there is no clear indication that the readiness management processes of any one service are more effective than another.

Dr. DORN. With respect to the first, let me say that I may be partly responsible for whatever delay exists at OMB. We tried in the Defense Department to use a slightly different process this year to pull together our personnel legislation. We tried putting together what we call an omnibus package.

As you may know, the individual services had put together their ideas, sent them through the Department and over to OMB, sort of one at a time, or in dribs and drabs. This year we tried a slightly different process.

In theory it should be a lot more efficient, but basically what we have got is a package big enough to choke a horse, and I am afraid that one of the delays is simply in going through that rather large package. I will check on precisely what the status is with respect to the other matter.

Again, in an effort to get an omnibus package through, we may be—I may be partly responsible; I will see whether we can smooth out the process next time around.

Mr. DORNAN. OK. And if there is anything that you want to add, Ms. Becraft, just jump in. Is the BAQ enhancement in trouble?

Dr. DORN. Not that I am aware of.

Mr. DORNAN. OK. Well, here is what the subcommittee is led to understand, that the proposal to enhance housing allowances and reduce out-of-pocket expenses for service-members to congressionally approved levels can no longer be achieved over a 5-year period as originally planned. That is what we are led to understand.

What would be the additional cost to put the plan back on track to bring housing allowances up to the desired levels within 5 years? Take that one first.

Dr. DORN. May I take that one for the record, because I don't have a figure for you, and I am not quite sure I recognize the issue of the problem with DAQ.

Mr. DORNAN. OK.

[The following information was received for the record:]

BAQ ENHANCEMENT

Question. The Subcommittee understands that the proposal to enhance housing allowances and reduce out-of-pocket expenses for Service members to Congressionally-approved levels can no longer be achieved over a five-year period as originally planned.

What would be the additional cost to put the plan back on track to bring housing allowances up to desired levels in five years?

Answer. Since we made our original estimates, a new survey of military members indicates that out-of-pocket expenses have grown from 20.5 percent to 21.2 percent. An additional \$10 million would be needed to include "first equal step" toward returning member out-of-pocket expenses to the congressionally intended level. Under current assumptions the total additional cost to restore housing allowances to the intended level in equal step increments in BAQ only over the following five years would be \$1.2 billion.

Question. The exact legislative mechanism to achieve this objective is also unclear. Can you please explain it?

Answer. The Department has submitted and funded a FY 1996 legislative proposal that would increase the BAQ to counter recent increases in out-of-pocket housing costs. This would result in BAQ being raised 3.4 percent in FY 1996 instead of 2.4 percent (the overall pay-rise rate) at a cost of \$43 million. During the Department's FY 1997 Program Review (Summer 1996) we will look at ways to close that gap even further, including potential changes in VHA programs that would focus relief on the junior enlisted.

Mr. DORNAN. The exact legislative mechanism to achieve this object is also unclear. Have you worked that out, how we are going to get from here to there in 5 years, up to those desired levels?

Dr. DORN. I don't see that it is a legislative problem; it is a funding issue. I am not aware that there is a legislative problem with our achieving the goal. It is a matter of finding the money.

Mr. DORNAN. OK. What we are saying on the committee here is that there is no mechanism really to get to the desired goal, that we all agree that Basic Allowance for Quarters is in trouble and it has to be enhanced, but we don't see any way to get there. I see what you are saying, it is just make the request and find the money. But there doesn't seem to be any programmatic way we have worked out to get there to say we are absolutely going to do this by following this formula.

Dr. DORN. I see what you are saying. May I look at that, because I hadn't—

Mr. DORNAN. Surely, surely.

Dr. DORN. Because I hadn't considered that before. Frankly, I thought we were well on the way toward addressing that issue.

Mr. DORNAN. Then the VHA, the Variable Housing Allowance, we are getting complaints in the committee from servicemembers. Some complain about suffering a reduction, the local VHA rate, despite the fact that the member's housing costs remain the same. We have tried to address this by holding down on permanent change-of-station moves, but we are still having to move people around. That is the nature of the military. And we have been made aware of concerns that the method of calculating VHA may cause the rate for some of the lower grades to drop below the level needed to rent a minimally acceptable home. If you could look at that and see if the way they calculate this doesn't end up causing problems for lower, lower—

Dr. DORN. We need to consider whether there should be some kind of floor so that people are held harmless when the results suggest that their rates should be lowered. The general question also, Mr. Chairman, about how we calculate the VHA is something I want to look at. As you know, every year we survey about 800,000 people in order to elicit information about their actual housing costs.

Mr. DORNAN. Right.

Dr. DORN. In theory, that should give us a fairly good indicator. I have two concerns.

One is, 800,000 people seems to be a whole lot of people to ask questions of. It is administratively cumbersome. I wonder whether or not there are not more efficient devices for getting at that.

But the other is that because we are looking at actual costs, we can set off a downward cycle, and I think that is what you are alluding to when a military member moves into a fairly expensive area, and rents, because he or she can only afford less expensive housing, rents less expensive housing.

What is being paid is not a good reflection of the costs of living in that area.

Mr. DORNAN. If you were to come up with some legislation to try and correct this, could we look forward to Department support, do you think?

Dr. DORN. As I said, we want to look at the way in which the VHA is calculated, but I want to look beyond that to see whether we need to survey 800,000 people a year in order to get this information.

Mr. DORNAN. How was the quality-of-life initiative funded? How was that \$2.7 billion figure allocated and do you know what will be funded with the money, or is this, is there some level of competition for the money? How are you going to do that?

Dr. DORN. I believe somewhere in that rather long statement is a table which indicates how money is to be allocated during 1996. The lion's share of the funding is going for housing and that was based on our shared perception in the department that this was a problem where we needed to make a statement. We didn't pretend we were going to solve a housing problem that has been growing for years and years, but we needed to make a commitment, particularly with respect to the housing in some of the services.

The process was a rather long one. It was part of the planning and budgeting process, which meant that throughout the summer we were involved in a series of issue reviews as we were looking at different bits of the package and developing whatever arguments we could to support additional expenditures for, say, housing as opposed to child care or something else.

The balance is, as the Secretary decided, based on our recommendations. I believe he made that decision last October. But he was not convinced at that time that it was the right balance. He asked former Secretary Marsh to form a panel to look at this over the longer term and get a sense of how that, we call it a \$450 million per-year wedge, might best be reallocated.

One of the Secretary's points of unhappiness was over the housing account because it became pretty clear that we were not going to solve the housing problem with that wedge; and one of the charges given to former Secretary Marsh was to see whether we could not find some other ways to finance the housing rather than simply through congressional appropriation, whether or not we could work out some kind of public-private partnership in which we could make it profitable for private builders to construct housing on or near military facilities. And that is one of the major charges of the Marsh panel.

Mr. DORNAN. Mr. Skelton, if you wanted to trade off with a question, be my guest.

Mr. SKELTON. I appreciate it. I am in the middle of a hearing elsewhere that is terribly important to many of us. I am very interested in the welfare of the young troops and I know I sound like a broken record in that regard. We have been visiting with them in various installations as well—here as well as overseas.

Some of them are quite good and some you would not want your family living in, both barracks and family housing. It became apparent, then, last year when the Army took \$300 million of its training money and put it into quality of life issues. This is so important because you can have the uniformed personnel start voting with their feet, and the whole thing tends to collapse. You can't do that.

I had a rather interesting discussion today, Mr. Dornan, with two gentlemen from my district who are with community action

agencies you may or may not have some acquaintance with, and one of them is located right at Whitman Air Force Base. They do a lot of quality of life issues, particularly Head Start, with airmen's families.

Have you given any thought to officially working with them or having any type of liaison with these folks other than happenstance?

Dr. DORN. May I ask Ms. Becraft to address that? I am not familiar with that specific issue.

Ms. BECRAFT. As you know, we have family centers throughout the world and part of their charge is to establish relationships with agencies within the local community. Many of our bases have established wonderful relationships with other helping agencies in the community.

Mr. SKELTON. But your answer is, no, you have no formal relationship with community action agencies as such?

Ms. BECRAFT. We do not.

Dr. DORN. But we will certainly find out more about it, sir.

Mr. SKELTON. I would appreciate that.

Ms. BECRAFT. We do have a formal relationship with the USO, and the Red Cross has a formal mission.

Mr. SKELTON. I raise this because everybody is under the gun to be cut, and those folks already in some localities because of their nearness are doing things now with your charges, uniformed youngsters. I wonder if you might not be smart in taking a good look at it and seeing if we might do more.

Dr. DORN. Yes, sir.

Mr. SKELTON. Thank you.

Mr. DORNAN. Ms. Becraft, I want to ask about the funding for family counseling. The quality of life initiative is going to add money for this. Two questions. How much money is dedicated for this part of the objective in fiscal year 1996 and how much over the full range of the initiative? What practical effect do you think the money will have and what types of counseling are you offering?

Ms. BECRAFT. Our Family Advocacy Program offers assistance to victims of child and spouse abuse. The Secretary's initiative added an additional \$22.2 million to what we already had programmed. The actual total amount and I will find it here in a minute—

Mr. DORNAN. Those are the only two areas of counseling? How about divorce? Remember, General Mundy, who said something that at first blush I thought was a normal statement given my one life experience and the experience of all my nephews and cousins and friends and brothers who went into the service. He said we would prefer our basic recruits not be married.

If it is true, and I registered as much surprise as you did, Secretary, 160 contacts to get one young man or woman to sign on the dotted line. Then he pointed out that there is not too much weekend recreation when you are going through basic training; and then you are off to a school with a move or maybe if you are a good marksman, you find yourself in one of these Marine Corps expeditionary forces hot bunking it somewhere in the Arabian Sea or Gulf; and, bingo, my colleague, who is very articulate, Patricia Schroeder, was all over the Marine Corps commandant like an Ar-

ticle 15 or captain's mast and he kind of had to back off. What about general counseling?

Ms. BECRAFT. We have a wide range of programs on our installations. Our family service centers provide counseling. They provide financial counseling. They provide individual counseling. Our chaplain services provide counseling. Our Family Advocacy Program, per se, concentrates on spouse abuse and child abuse.

Mr. DORNAN. That was a special need, which was beyond an emergency nature?

Ms. BECRAFT. Yes. It is an additional program. In fiscal year 1996 we have \$103.8 million in the program.

Mr. DORNAN. Good.

Dr. DORN. Mr. Chairman, may I mention something about recruiting, because you pointed to a problem, which we are also concerned about—the recruiting environment is getting tougher. I have heard that figure 100, 160 contacts in order to get one person to enlist. That is true in at least one of the services.

It is one of the reasons we are now beginning to look particularly at the conditions of recruiters. As you know, they are among the soldiers and sailors who often are out there pretty much alone in our communities. They sometimes are in communities at some distance away from the normal support facilities. A commissary is not nearby.

They have to find their own housing often in an area that is not accustomed to housing military personnel. And they are working very, very hard. We are just getting the results of a recruiter survey, which impresses us with how tough a market that is. So one of the things we are trying to do is see whether we can make life easier for recruiters.

Last year, some of the services were able to take advantage of a lifting of congressional ceilings in order to put more recruiters on the street. That may help a little bit, but recruiters are still working hard. We need to be especially concerned about their quality of life. There is another initiative going on with that.

Mr. DORNAN. That is music to our ears because we have been taking testimony on that and I am pleased to hear that somebody at your high level in the Pentagon is aware of this and aware that quality of life may have to be fine-tuned. This is a most difficult and key job in the services—that of men and women who are out there recruiting.

Mr. Pickett did ask a question on taking funds for the Military Child Care Act so we are on the record on that. I am looking forward because of the second panel here and I don't want to keep them any longer than necessary. If there is any final thoughts or statements that any of you have—I did want to get on the record, because I want us all singing from the same hymn sheet on the pay gap. We are agreed here that it is real and I wanted to get this 12.8 figure nailed down. Let me tell you what we have been using.

RAND Corporation supposedly built a new index for you folks at DOD called the defense ECI. In the Air Force that is a combat training base on Sardinia. But DECI reportedly shows there is no gap. In fact, DECI—

Dr. DORN. I think RAND is the only acronym used at RAND.

Mr. DORNAN. Right, although there are some spin-offs that went to RAND Incorporated, their DECI for 1994 shows military pay to be about 3.4 percent above private sector rates. That wasn't received with much reality up here. What is the Department's view of the DECI?

Dr. DORN. Well, first, we are mandated to use the ECI when we look at pay and that is what we do. The DECI was commissioned by my predecessor, Chris John, because he became perplexed at something. If, he said, it is true that the pay gap is growing as the ECI indicates, why are people not bolting for the door? And one of the things he asked RAND to do was look more closely at the ECI. They did so.

They did notice that the ECI did not control for the fact that the military population looks different demographically than the general population on which the ECI is based. The military tends to be younger, for example. And so they computed this, which we think is academically interesting. It is not an index that we use.

However, what we do need to do is take a careful look at what the ECI or what any single index is telling us. For example, while it may be true that there is a pay gap of 12.8 percent, we need to be careful about how that pay gap is distributed across the force. I think it is fairly clear, and the studies I have seen make it fairly clear that the gap is not among the lower grade personnel.

A young man or woman, 18-year-old fresh out of high school gets a much better deal economically from joining the military than he or she would get in the kind of job that most 18-year-old high school graduates get in the civilian sector. The gap begins to emerge later on. This is troublesome because we want to retain those seasoned NCO's and officers. That is what we need to worry about, but that also is where factors other than pay come into play. When we look at young enlistees, we are still looking at a force that is largely single.

You talked about the number of married people coming on active duty. In fact, very few people are married when they enlist. They get married perhaps the first two or three years. They may have deferred marriage until getting in, but very few are married when they come in, and a relatively small percentage of a first-term enlistment cohort is married. When one gets married one begins to worry about pay and a lot of other things, health care, and probably child care.

Mr. DORNAN. Right.

Dr. DORN. And the ECI also does not capture those things.

Mr. DORNAN. Excellent. Secretary Dorn, 2 years ago when this committee was marking up for then fiscal year 1994—I was not on the committee—I had been on it two years prior to that—I came across a problem through mail to me and I almost got something included in the markup that I think might have gone all the way through that year, but your office sent over a letter with your signature, and it turned several votes on the committee.

When I showed them that your analysis was incorrect and I spoke to you at another hearing, and you said you weren't that familiar with the facts—you run a huge shop there and this was a tiny issue that involved about 3,000 people and the HIV virus. Your line said when someone tests positive for HIV, nothing

changes, their job goes on and therefore there is no additional strain on the military.

I found out that things drastically did change and I found this out because I was aware that in the FAA when a pilot or any air crewman tested HIV positive, they were immediately grounded. Knowing that that was Federal law and it was partly because a direct dementia attack can sometimes affect performance when HIV moves into a stage where it is finally diagnosed as full-blown AIDS, I found out in the military it was far more comprehensive.

Not only were you grounded out of anything that flies, but you also were taken off a ship, off a sub. You also were removed from anything that involved a side arm or rifle. You never were an instructor on a firing range. You never qualified again. You weren't an air police, shore patrol; you were removed from any fighting vehicle, artillery piece. In other words, you didn't do much of what defines military service as different from civilian jobs.

You could stay at a computer or bump someone else totally out of the service so you could be trained at the computer, and all of a sudden I realized that we had a protected class in the military, and that is people that were HIV positive.

In the Navy and therefore the Marine Corps, it was even more unfair. You could only serve in two States and those two States are States where I pay mortgages. And I know those States have a high allocation of taxpayer funds to increase tourism, Virginia and California, because in the Marine Corps or Navy you had to be near San Francisco, San Diego or Portsmouth, VA, naval hospitals.

So no more Puerto Rico, no more Guam, no more overseas, no more London in the Embassy as a Marine Guard or as an Air Force attache. You were stateside forever; to use military parlance, home-steading soft berth, and maybe retraining in somebody else's job and they get kicked out. Because the military is a walking blood bank, because I personally talked to all the Surgeons General, and they are adamant that in this major drawdown we should have everybody deployable or if at all possible when you have all factors equal, the exceptionally well-qualified people, keep the one that is not infected with what still is always a fatal disease.

I just wanted to tell you that we are going to try and put it in the markup this year. It is going to be in the markup, and I wanted to give you heads up because I have spoken to all the personnel chiefs. They were following more or less a bigger administration line and I understand the antipathy to this. People who have great interest in the area of AIDS do not want a precedent established anywhere that could be abused in civilian life; and, therefore, they see the military as a bad example for the rest of the community.

I am willing to stop it right at the door of the military or the FAA where it is already law, but the military is different. Because in civilian life I guess it is nobody's business if someone uses drugs and gets themselves hooked. Most businesses are encouraged to have a program to help them.

If they get themselves infected with the HIV virus because of use of a dirty drug needle, still they have programs available to them. But in the military, it is a violation of the Uniform Code of Military Justice to, on or off duty, roll up a uniform sleeve or your civilian off-duty sleeve, stick a needle in your arm and get that virus. You

have betrayed your country in a very special way because you are supposed to be protecting your nation and providing for the common defense.

And if you do it with heterosexual sex like disobeying military rules and going to a house of prostitution where the prostitutes are 100 percent infected, which was the case in Subic before God took care of that with Mount Pinatubo and relieved us of that problem, the same applies to homosexual sex, heterosexual sex, going to bars that are off limits—this is high risk behavior whether it is drugs or sexual promiscuity; and if you get your self infected, you have violated the Universal Code of Military Justice. I want these people to realize: consider yourself lucky that you are going to be offered a honorable discharge and that you are going to the VA to get excellent and in some cases stay in the same hospital with the same doctors.

That will be the case here with Walter Reed and Bethesda. Consider yourself lucky, but I am going to shorten the time limit, to make up for last year, about 6 months, 6 months, honorable discharge and let somebody else work on that computer for a while. The only one that seemed to have the guts to bite the bullet, and he coined a phrase, is Commandant Mundy. He said it unfairly increases the tempo for the physically fit to have people that are soft berth.

One general said nobody knows who is not deployable. And a staffer handed me a message that slam-dunked that. They find out who is not deployable when you deploy. And if somebody is around with a little corporate memory, they say, this person didn't deploy the last time we deployed, and with this increased tasking of our good men and women in a dangerous world, it is a small number, but it is a fairness issue.

It can be a morale issue although it doesn't seem to be, yet except in some individual units, I have had the company commander write me and say it really isn't fair. I am just going to put it in the markup and see what happens. Lets keep an honorable discharge in 6 months and replace these 3,000 people—not even replace them, they should be first to go over some other another person who is, all factors equal, deployable. We are coming down from 1,700 a month to 900 a month, and when you are putting out that many, 900 a month, certainly there are people that are part of the walking blood bank, worldwide deployable, trainable into anything who aren't going to homesteaded in the States if it is Navy department. As far as civilian precedence, we will fight that battle in the Congress so that it isn't abused in the civilian sector.

But the military is different. That is why they have a UCMJ and that is why they have court martials where maybe F. Lee Bailey could perform in a rougher way than he is doing now unsuccessfully in a civilian trial. I just wanted to give you heads up on that.

Dr. DORN. I appreciate that, sir. May I just address a couple of items.

First, I probably did say a couple of years ago that you knew this issue much better than I, and I concede that you still do know this issue better than I. However, the last time I checked the numbers, we had on active duty roughly 1,200 people who had tested positive for HIV.

Mr. DORNAN. How long ago did you check that?

Dr. DORN. About 3 days ago. The 3,500 figure represents the total number of people who have been judged to be permanently nondeployable for all reasons, and that would include people with a variety of chronic illnesses for which they cannot be treated abroad. So we are talking about roughly one-third of the total—of the permanent nondeployables.

Mr. DORNAN. It was in this very room about 4 years ago that I asked the three Surgeons General at the end of the meeting, which was like today on a getaway weekend—Beverly Byron here alone, chairwoman—the very last question I asked the doctors, what the numbers were of HIV positive people, and the Navy came up with a figure of almost a thousand men. The Air Force said about 700 or 800 and the Army said we are in the ballpark. That is where the 3,000 figure came from.

That is about 4½ years ago. I think you are right, that they have been letting people retire before they come in, there is a control factor there that has been diminishing this figure. You are correct. There was an effort by an unnamed colleague, who agreed with me, but wanted to broaden it out of maybe political correctness to look like we weren't just going after HIV people and he said let's put in all nondeployables since we are drawing down 700,000 people.

I had a queasy feeling that would not work because China and Great Britain had no problem whether it be an attache or a young Marine—they do not care if someone has controlled asthma, diabetes or if they have just gone through a bypass. But they say don't you dare send us anybody—they will not leave the transit lounge if they are HIV positive. That is every nation on the planet Earth. Even though it may be down to a thousand, let's get it taken care of.

There is another reason. There is a deterrent value in saying to people when they join the military, the word getting around through inside publications if you get HIV positive like Mr. Greg Louganis you will be out of the service in 6 months. Don't bank on \$5 or \$6, \$7,000 of AZT care. Don't bank on keeping your job in the service.

Don't bank on if you engage in high-risk behavior and you get nailed and you have 16 or 17 years that you are going to stay in the military for 5 or 6 more years, get 20-year retirement and then go to VA. Be advised that if you engage in high-risk behavior or drugs and you get caught and you are in your second year, you are out in 6 months. That is a good deterrent to people not joining who have a feeling they may engage in narcotics' use or something.

Dr. DORN. Although I would think the prospect of certain death would be sufficient deterrent.

Mr. DORNAN. It is not. That is why kids drive 100 miles an hour on the freeway. And old men do it on the autobahns in Germany.

Dr. DORN. You mentioned your conversations with senior military officers. This issue arose last year, and I do recall signing a letter to you on the matter. I did not come to this issue with any predisposition one way or another so one of the ways I tried to get at it was to meet with senior military personnel, including the people who then were serving as the deputy chiefs of staff of personnel in the services.

And the way I posed the question was as follows. We have roughly—as a matter of fact, I didn't pose the issue. One of the chiefs or one of the deputy chiefs for personnel put the issue as follows: 3,500 people out of 1.6 million, that is a manageable number.

Now, I stress, he was speaking about the total universe of nondeployables, and I believe that that was the way in which I posed the issue in our correspondence; that the personnel chiefs at the time viewed that as a manageable issue. We, by law, are required to take a new look at it. The legislation says that we should examine the degree to which people who are nondeployable pose a readiness problem, and that we can look at them as a group and draw a conclusion similar to the one that a personnel chief shared with me last year, or there may be individual exceptions in the case of people who are performing absolutely vital work. We are continuing that review. I confess—

Mr. DORNAN. We always built that vital aspect into it. It was a reversal of whether the group as a category was for the good of the service or individual members were for the good of the service. That was one of the petards Mrs. Haron hoisted me upon. But the three Surgeons General said, out.

Now, they were speaking only about HIV. Because we burdened the personnel chiefs, when I finally got a hearing out of the prior chairman, with the whole nondeployable category and they knew of good people who not through behavior with the sole exception of smoking and lung cancer, which goes much faster, and we couldn't find any of those cases. They knew that there was not a behavior involved. And they were trying to protect that category.

One of them—General Carney—after he retired, told me you should have asked us the killer question, what do you personally think? Do you think we personally should keep HIV people? And he said he would have answered directly, no, I do not. But we had it embodied in these other physical infirmities, which are slightly limiting, and most of them were worldwide deployable.

Only the HIV was not acceptable in any country on the face of the Earth. That is why I said to my Democratic colleague after it was all over, you undid me, my friend; I am only worried about the one category where they violate the UCMJ, not heart bypass.

This year it will be just that one category, and if it is a thousand, so be it. And it is not a manageable problem, although I think it is unfair to say to somebody you are going to Virginia or California, and we are going to retrain you in somebody else's job. That is kind of the way this administration is. We don't want to set a bad precedent for civilian life so we are going to bump a healthy, walking blood bank person and replace that person with you, and you are going to get a soft berth and you are going to homestead around Portsmouth within 200 miles.

I have talked to these personnel chiefs; three out of four felt the same. Believe me, they would just as soon have it done with, press on with our heart bypass people, God love them, but tell these people and those about to come in, you engage in high risk behavior or touch narcotics in the uniform of your country, you get zapped with the HIV virus, you feel lucky you are getting a honorable discharge, and you are out in 6 months. And I think we are going to get it done, and on the House floor I think I will win the vote.

Dr. DORN. Mr. Chairman, I saw General Carney a day or so after you accused him of being politically correct. He was devastated by that. I hope that by now he has recovered from that charge.

Mr. DORNAN. He has, but he said you never asked the right question about what our personal opinion was on just HIV; and I didn't want to that time because we had broadened it into a bigger category. Two people, same job, same tenure and let's go with the worldwide deployable person. Because I had just come back from Europe sitting with four F-15 fighter pilots and they were being put out with exceptionally well-qualified ER's. They said we don't want to leave the Air Force. Our wives love it, we've got kids in school here, but we are in the wrong zone as a captain. When I saw people going out like that, I said this is not making sense.

Dr. DORN. Mr. Chairman, the past few weeks we have been struggling in the Department with a single case. It is the case of a man who was infected with HIV as a result of a transfusion administered in a military hospital while he was on active duty 12 or 14 years ago. This was, of course, before we knew much about the disease. His family has been devastated. One of his children already has died as a result of the passing on of that infection. He has long since left the military.

Mr. DORNAN. He is senior executive service?

Dr. DORN. No. He has long since left the military and we are struggling with what a fair thing to do is. Obviously, he is eligible for treatment through the veterans hospital. He believes in fairness, that something more should be done, and we have been looking at the possibilities. There may be other people who have contracted HIV in this way. We do not keep records on how one acquires the syndrome. And so I would welcome an opportunity to engage—

Mr. DORNAN. Let's take a look at it. The Surgeons General told me they are willing to scour the records, but they believe all of the polluted blood supply, which I predicted on the House floor, would cause a lot of heartache, and in France has caused a national disaster. The government almost fell.

Let's see if there is anybody else in that category that we can legislatively address. I am still focusing on deterrent value to young people coming in. Maybe we will have to go to 162 contacts to get somebody to sign the contracts. You and I will work on it. I don't want to hurt a single innocent person on this or somebody that wasn't aware of what his behavior would bring to the rest of his life.

Thank you for excellent testimony. Our staff will go over your comprehensive statement. Dr. Dorn, I am really impressed with your grasp of this job and I do like it that we have this Under Secretary job where you have to weigh what we call the intangibles, the pride factor that make men and women in the military walk a little straighter and a little prouder because they are serving their country.

Dr. DORN. Thank you, Mr. Chairman.

Mr. DORNAN. Our second panel is made up of people that we rely on to ensure that we do not lose touch with the views of those that serve and the families that support them. I know these people well

and can assure my colleagues that shyness will not be a problem with these witnesses.

As they say in the orient, this is good. Let me welcome Ms. Sydney Hickey, National Military Family Association, an organization of great repute; Col. Steven Strobridge, U.S. Air Force retired, Retired Officers Association of which I am proud to be a life member, and appearing on committees before which I have had the pleasure of appearing or sitting; Sgt. Maj. Michael F. Ouellette, U.S. Army retired, the Noncommissioned Officers Association. Welcome.

I hope that I didn't steal some more time out of your afternoon, but I know with at least Sergeant Major Ouellette we have discussed the aforementioned issue with you quite often as we did just homosexuals in the military in general, and I know we are in common accord on that.

To the others, if I have taken an extra 20 minutes out of your day please forgive me, but I do want to resolve this issue that I have worked for 5 years and I do want to do it in a fair way. Quality of life. If you have an opening statement, let me defer to the lady first.

Ms. HICKEY. If it is all right with you, I would like Sergeant Major Ouellette to start first.

**STATEMENT OF SGT. MAJ. MICHAEL F. OUELLETTE, USA
(RET.), NONCOMMISSIONED OFFICERS ASSOCIATION**

Sergeant Major OUELLETTE. Thank you. Mr. Chairman and the other distinguished members of the subcommittee, thank you for the opportunity to participate in this important hearing. We offer our congratulations on your new position, and we look forward to working with you in the future.

You and the returning members of the subcommittee all have been long-standing supporters of the military communities. We look forward to working with you and with the new members of the subcommittee in protecting the interests of America and those who serve and have served in her defense.

While we three were invited to testify on behalf of our own individual associations, I would like to note for the record that we have submitted joint written testimony, which also represents the collective views of the Military Coalition, a group of 27 nationally prominent military and veterans associations representing 3.75 million active, Reserve and retired members of the uniformed service, plus their families and survivors.

My portion of this testimony will cover active duty issues. First, we thank the subcommittee for providing the troops a 2.6-percent pay raise last year as well as badly needed authority for a special cost-of-living allowance for high cost locations in the United States. These actions influence the administration to submit a pay raise schedule consistent with current law, a substantial improvement from the submissions of the last 2 years.

However, even that new schedule will depress military raises one-half percent every year below the increases enjoyed by the average American worker. This half-point reduction will put the Federal civilian pay raise formula in 1990, in tandem with a new locality pay system meant to link Federal civilian pay scales to those of comparable private sector workers by locality. But another law

linking military and Federal civilian pay raises was left unchanged, so military pay raises are now tied to the depressed formula and military people have no pay comparability protection.

Military raises have now been capped below private sector pay growth in 14 of the last 20 years and the current 12.6 percent pay gap will grow every year under current law.

Mr. Chairman, this is a formula for disaster in the long run. Now that the drawdown is nearly over, we must refocus on long-term retention requirements.

The only experience of the young troops coming to career decision points today has been a repetitive message that the government wants a lot of them to leave. Meanwhile, their increased deployments have meant longer work hours and increased family separations.

On top of this, military people have been called upon to accept more personal financial sacrifices from capped pay raises to depressed housing allowances to higher child care costs. In the 1970's, the first leading indicator of retention problems was a drop in Navy second term reenlistment rates. Then young petty officers also had endured extended sea tours, family separations, pay caps and threats to their retirement and other benefits.

Their families finally had had enough and pushed them to find other careers offering a better balance of compensation versus sacrifice. Now, Navy second-term reenlistments are dropping once again and we worry that this portends retention problems for all the services.

Mr. Chairman, we may not be able to buy back the current pay gap, but this ominous indicator means we must try not to let it get any worse. We need to link military pay raises directly to private sector wage growth, as measured by the Bureau of Labor Statistics this year, if at all possible, but no later than fiscal year 1997.

In addition, we must do better in linking housing allowances with members' actual housing cost. The President's budget proposes an extra 1-percent increase in basic allowance for quarters as a small step toward restoring the allowance to the standard originally specified by Congress. But at that rate, the restoration will take 12 years. We need to move faster.

We also need a provision to grandfather housing allowance rates for the duration of a member's assignment in one location. This past January the system cut housing rates so much that 11,000 members lost their entire 1995 pay raise.

Many of these people were in New York or Los Angeles where they simply can't afford that kind of cut. These members' expenses didn't go down; most actually went up. It is just that they rose even faster at other locations, and the current VHA adjustment system "robs Peter to pay Paul."

The fix is simple grandfathering language and it is inexpensive, \$12 million annually for fiscal year 1996. It needs to be fixed this year.

For the long run, we must set a minimum adequacy VHA rate for each locality. Now young families assigned to high-cost areas scrimp on housing to meet food, clothing, and other essential needs. Unfortunately, this sets off a VHA rate death spiral because those

rates are readjusted each year based on what previous arrivals have spent.

At some locations, housing allowances are now hundreds of dollars per month below the price of even minimally adequate housing. We need to maintain a minimum VHA floor for each locality, independent of the annual survey, to help people secure housing that meets basic quality and safety standards.

Mr. Chairman, this concludes my portion of the testimony. Ms. Hickey will address additional quality-of-life issues affecting military families.

[The statement of the National Military Family Association follows:]

STATEMENT OF
THE NATIONAL MILITARY FAMILY
ASSOCIATION
NON COMMISSIONED OFFICERS ASSOCIATION
THE RETIRED OFFICERS ASSOCIATION
before the
HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON MILITARY PERSONNEL

Presented by

Ms. Sydney Hickey
Associate Director of Government Relations
National Military Family Association

Sergeant Major Michael F. Ouellette, USA (Ret)
Director of Legislative Affairs
Non Commissioned Officers Association

Colonel Steven P. Strobridge, USAF (Ret)
Deputy Director for Government Relations
The Retired Officers Association

On behalf of their Associations and the other 24 associations
which comprise The Military Coalition

March 16, 1995

EXECUTIVE SUMMARY OF THE MILITARY COALITION RECOMMENDATIONS

1. **Military Pay Raise:** Provide an FY 1996 pay raise of no less than 2.4 percent (full-comparability 2.9 percent if funding can be made available) and link future raises directly to the Employment Cost Index.

2. **Housing Allowance Reform:** Delink annual BAQ adjustments from the basic pay raise and begin a multi-year program to "buy back" BAQ rates to the level previously specified by Congress (65 percent of median military housing cost, by grade). Provide reasonable housing allowance rate protection by ensuring that member's total housing allowances (BAQ plus VHA) will not decline during the duration of their duty assignment at an installation. Authorize a minimum VHA floor for each locality, independent of the annual VHA survey, to ensure allowances at each location will enable members and families to secure housing that meets at least basic quality and safety standards.

3. **Military Commissaries:** Resist proposals to reduce appropriated fund support for the military commissary system in any way that would raise costs to patrons or otherwise reduce the commissary system's compensation and retention value.

4. **Proposed Military Retirement Changes:** Recommend introduction of report language to seek the assurance of the full House that no changes will be enacted in the area of military retirement without benefit of National Security Committee hearings.

5. **Retired Pay COLA Equity:** A "balance of sacrifice" must be restored by limiting COLA delays for military retirees to the same delay schedule being asked of Federal civilian retirees. This year's Budget Resolution should fix the problem for FY1996-98 so this divisive problem can be put behind us once and for all.

6. **Concurrent Receipt of Military Retired Pay and VA Disability Compensation:** Recommend GAO be directed to report on the impact of service connected disabilities on post-retirement earnings opportunities for members with at least 20 years of military service, to include the percentage of such members who are employed, their median incomes compared to nondisabled retirees', the extent to which their disabilities resulted from combat action, and whether certain types of injuries/illnesses are significantly more likely to inhibit post-service earnings potential than others with equal disability ratings.

7. **Survivor Benefit Plan Premiums:** The effective date of the SBP premium increases should be restored to the same date that retired members actually receive their retired pay COLAs.
8. **DoD Survivor Benefit Plan (SBP) Study:** Redressing the low SBP subsidy level should be a top priority, and a primary focus should be on easing the annuity reduction for SBP widows who have attained eligibility for Social Security.
9. **Active Duty Death Benefits:** Extend SBP eligibility to survivors of all active duty deaths, with the SBP amount calculated as if the member had received a service-connected disability retirement with a 100 percent disability rating.
10. **Reserve Retiree Survivor Benefits:** 10 USC 1447 should be amended to extend medical care, commissary, exchange and other benefits to survivors of reserve retirees irrespective of the retiree's SBP decision.
11. **Social Security SBP Offset:** Enact legislation to ensure the SBP annuity reduction under the Social Security offset formula shall not exceed that amount of Social Security benefit actually received by the annuitant that is attributable to the retiree's military service.
12. **SBP "Forgotten Widows":** Active and reserve "forgotten widows" should be provided the minimum SBP annuity of \$165 per month or \$1,980 per year.
13. **SBP Withdrawal Options:** Add a withdrawal clause to allow a participant, with spousal concurrence, two one-year "windows" to drop out of the Plan. The first "window" would come three to five years after retirement; the second would follow the spouse's 65th birthday.

Mr. Chairman and Distinguished Members of the Committee:

We would like to thank the Chairman and distinguished members of the Military Personnel Subcommittee of the Committee on National Security for holding these important hearings, and for inviting us to testify as representatives of The Retired Officers Association, the Non Commissioned Officers Association, and the National Military Family Association. We are pleased to present this joint testimony, and wish you to know that it also reflects the collective views The Military Coalition, comprised of the following military and veterans organizations:

- Air Force Association
- Air Force Sergeants Association
- Association of Military Surgeons of the United States
- Association of the United States Army
- Chief Warrant Officer and Warrant Officer Association,
United States Coast Guard
- Commissioned Officers Association of the United States
Public Health Service, Inc.
- Enlisted Association of the National Guard of the United States
- Fleet Reserve Association
- Jewish War Veterans of the United States of America
- Marine Corps League
- Marine Corps Reserve Officers Association
- Military Chaplains Association of the United States of America
- National Association for Uniformed Services
- National Guard Association of the United States
- National Military Family Association
- Naval Enlisted Reserve Association
- Naval Reserve Association
- Navy League of the United States
- Non Commissioned Officers Association
- Reserve Officers Association
- The Retired Enlisted Association
- The Retired Officers Association
- United Armed Forces Association

- United States Army Warrant Officers Association
- USCG Chief Petty Officers Association
- The National Order of Battlefield Commissions (Associate Member)
- Army Aviation Association of America (Associate Member)

The Military Coalition represents approximately 3.75 million members of the seven uniformed services, officer and enlisted, active, reserve and retired, plus their families and survivors.

The Military Coalition consists of a number of standing committees: Base Closure/Military Construction, Military Personnel & Compensation, Former Spouses Issues, Retired Activities, Guard & Reserve, Military Health Care, Survivor Benefits, and Taxes/Ways and Means. The issues addressed in this statement were thoroughly reviewed by the committees prior to presentation to the full Coalition for its consideration. A "rule of five" applies. If five or more member associations object to a proposed initiative, the initiative will not be placed on the Coalition's legislative agenda. The recommendations offered in this statement were developed by the committees and unanimously agreed to by the 27 Coalition organizations.

INTRODUCTION

At the outset, The Military Coalition would like to recognize and congratulate the distinguished Chairman on your selection to head this important Subcommittee. You have been a long-standing supporter of military personnel and we look forward to working with you. We also want to recognize the returning Subcommittee members for their past leadership and unstinting efforts in support of the active, guard/reserve, and retired military communities. The hard work of this Subcommittee's members and staff was largely responsible for securing a much-needed increase in the active duty pay raise, an additional allowance for members stationed in high-cost areas, and enactment of the Reserve Officer Personnel Management Act, among many other initiatives in last year's Defense Authorization Act. All members of The Military Coalition applaud and deeply appreciate your efforts. Finally, we welcome the new Subcommittee members, and particularly congratulate

those elected to the Congress for the first time. We look forward to working with all of you in protecting the interests of America and those who have served, and continue to serve, in her defense.

The historic changes brought about by last November's election are now energizing a sweeping review of national spending priorities. This review offers great promise, but also poses great challenges for the military community. We appreciate that this Subcommittee faces a particular challenge in seeking to enhance personnel readiness within the context of working toward a balanced budget.

The Military Coalition must acknowledge its significant concerns about the difficulty of reconciling these two seemingly competing objectives in the allocation of increasingly scarce fiscal resources. We take heart that the leaders and members of this Subcommittee, have conscientiously represented the interests of military people in the past, and remain confident this will continue to be the case during the 104th Congress.

As you approach the difficult budget choices ahead, The Military Coalition's objective is to articulate the urgent need for quality-of-life improvements for current military members and their families, as well as the importance of keeping the government's prior commitments to retired members, families and survivors. It is essential to address these not just as human concerns, but as vital, but fraying, threads in the fundamental fabric of long-term recruiting, retention and readiness.

ACTIVE FORCE ISSUES

The Military Coalition is very concerned that an unfortunate confluence of circumstances poses significant -- and often underestimated -- retention and readiness risks for the remainder of the decade.

First, the speed and depth of the defense drawdown has significantly undermined one of the major historical selling points of a military career -- employment security. In the entire previous history of the all-volunteer force, qualified young enlisted members and officers were actively recruited

for full military careers, but the situation has been much different for the last five years. Now, the only experience of the young military members coming to career decision points has been repetitive messages that the government wants large numbers of them to leave. This has been reinforced by their first-level supervisors, many of whom have been forced to change their own career aspirations because of reduced retention and promotion opportunities.

Along with this discouraging career message to our active military forces, the government has cut funding for their working, recreation, and living facilities. They have endured physical risks to their well-being and livelihood, substandard living conditions, and forfeiture of personal freedoms to a degree that most American civilians would find unacceptable.

Meanwhile, their workload has not lessened. Worldwide deployment requirements have actually increased significantly, and a smaller and less experienced force has had to pick up the slack, -- with longer work hours and increased family separations.

And throughout the drawdown years, military members have been called upon to set the example for the Nation in accepting personal financial sacrifices. Their pay raises have been capped for several years, and will be for the remainder of the decade. They would have been reduced even lower -- or eliminated entirely in some years -- if the Congress had not intervened. Their retirement, commissary and morale/welfare/recreation systems have been under constant attack. Their health care system has been overhauled to cut costs, leaving some military families in Europe with little access to government care at all. Their housing and relocation reimbursements have fallen farther and farther behind the expenses incurred in complying with government relocation orders.

Finally, we have taken billions from active and retired force support to fund incentives and benefits for those leaving service. This is not a criticism of the latter initiatives, which were needed to accomplish the force drawdown in a humane manner. It is only stating the facts.

Now, it is time to look beyond the drawdown to the force retention needs of the future. Too often, we plan for next year based on last year's experience, and that is no longer appropriate, at least in the matter of personnel readiness issues. All through the drawdown years, we did not worry about retention; DoD didn't even publish retention statistics for several years. But now we must put the drawdown mentality behind us. Repeated years of low accessions now yield smaller cohorts of first-term personnel coming to the career decision point, and the Services will need to retain a larger share of these smaller year groups. So positive action is needed now to begin overcoming all those years of negative career messages.

Military Pay Raise. It is an uncomfortable fact that, since 1982, military pay raises have lagged a cumulative 12.6 percent behind private sector pay growth, as measured by the Bureau of Labor Statistics' Employment Cost Index (ECI). This gap is even larger than that experienced in the late 1970s, which never attained double digits.

The Military Coalition is convinced that had force requirements remained unchanged, retention problems would already have become apparent. The change in retention propensity has been masked because the government sought even greater losses to cut end strength rapidly. In the process, the Services recognize they have paid significant amounts of "economic rent" to members who would have separated even without financial incentives. Now, The Military Coalition believes we face the likelihood of another retention "crash."

Before the last such crash, in the 1970s, the first bad omen was a drop in the Navy's second-term reenlistment rate. This reflected an ominous trend that sailors who had reenlisted once before were becoming discouraged by the cumulative rigors of multiple sea tours and family separations, combined with years of depressed pay raises and increasing attacks on career military benefits. After six or eight years of such sacrifices, disgruntled families were pressing members to find less arduous and more lucrative careers. In retrospect, the Navy second-term statistics proved to be a leading indicator for similar retention declines in the other Services, as more and more highly-

trained and qualified personnel decided that the benefits of a military career no longer offset the sacrifices.

Now, once again, the Navy is experiencing a decline in second-term retention, and The Military Coalition is very concerned that history appears to be repeating itself.

A major problem is that the downturn in retention propensity has been virtually undetectable in the drawdown environment. As the drawdown comes to a close in the context of a recovered economy and radically smaller first-term cohorts, there is a great risk of being surprised by the magnitude of continued losses even after separation incentives are terminated. But what other reaction should be expected from members whose sole pay raise experience has been that their government will continue to depress their pay until they "vote with their feet?"

The truth is that military members are the only remaining federal community whose pay raises have not been explicitly linked to some standard of comparability with private sector pay growth. The pay comparability gap for senior Executive, Legislative and Judicial Branch officials was addressed in the Ethics Reform Act of 1989, which granted these officials a one-time 25-percent "catch-up" raise. The same legislation linked their future annual raises to annual changes in the ECI, minus one-half percent. The Federal Employees Pay Comparability Act (FEPCA) of 1990 established a long-term plan to bring Federal civilian pay to comparability with equivalent non-Federal civilian salaries, on a locality basis. FEPCA also provides for separate annual increases based on annual changes in the ECI, minus one-half percent -- with a mechanism to assure future salaries remain within five percent of the local pay comparability standard.

Because military members' raises are linked to annual Federal civilian increases by law, FEPCA effectively caps military raises one-half percentage point below the ECI as well. However, no legislation has given military members a "catch-up" raise for their 13 years of pay raise caps, and no legislation offers them a long-term pay comparability plan. Unlike its positive effects for other government officials and employees, FEPCA has locked

military raises into a downward spiral of continuing decline behind private sector pay growth.

The pay raise plan incorporated in the Administration's proposed budget would continue to widen the gap. By the year 2000, this plan will increase the cumulative gap between military and civilian pay growth to nearly 17 percent. In The Military Coalition's view, institutionalizing continued pay depression in this way must ultimately guarantee a retention crisis.

The Military Coalition believes we must not wait for a retention crisis to develop a long-term pay comparability plan for military personnel. It is much more in the national interest to work to avert any such crisis. For the short term, we should at least seek to keep the pay raise gap from getting any worse. Thus, the objective should be to provide military members the same annual percentage raises enjoyed by the average American, as determined by the Bureau of Labor Statistics.

The Military Coalition recommends that the FY 1996 military pay raise percentage should be no less than 2.4%, but believes a full-comparability 2.9% increase is highly desirable, if funding can be identified. The Coalition strongly recommends legislation linking future military basic pay raises directly to the annual change in the ECI.

Housing Allowance Reform. Housing allowances for military members stationed in the United States consist of two components: the Basic Allowance for quarters (BAQ) and the Variable Housing Allowance (VHA). The BAQ was intended by Congress, as indicated in the Defense Authorization Act Conference Reports of FY 1985 and 1988, to provide members an allowance equal to 65 percent of the national median housing cost reported by members in the same grade. The VHA is a supplemental allowance in an amount that differs by location to reflect variability's in local housing costs across the Nation.

Although the two allowances work together to help reimburse members for median housing expenses incurred at each U.S. location, each allowance has a

separate adjustment mechanism. The BAQ is adjusted at the same time and by the same percentage as basic pay adjustments. VHA rates are adjusted at the same time as BAQ, but the local adjustments may rise or fall depending on the relationship between local vs. national median costs for each grade. Total VHA funding is adjusted each year by the Military Housing Cost Index (MHCI), which reflects rental and utility cost growth across the country as measured by the Bureau of Labor Statistics, and weighted by the military population at each location.

BAQ Adjustment Reform. Because it is adjusted by the same percentage as basic pay each year, the change in BAQ bears no relationship to changes in housing costs. Further, basic pay raises since 1988 typically have been depressed below the percentage needed to maintain comparability with private sector pay growth. This, in turn, has depressed BAQ growth so that BAQ rates in 1995 comprise less than 59 percent of national median housing cost for most grades -- well below the intended 65 percent. Because of the depressed allowances, members must absorb the extra six percent out of their pockets. The Secretary of Defense earlier this year proposed a BAQ plan that would "buy back" one percentage point of the BAQ gap each year, to eliminate the shortfall over six years. The President's Budget proposes the considerably less aggressive step of increasing BAQ by 3.4 percent for FY1996. This is larger than the proposed basic pay raise, but it would buy back only about one-twelfth of the current six-percent BAQ gap. The Military Coalition views this as a positive, though small, step toward restoring BAQ to the standard intended by Congress.

The Coalition hopes this trend can be continued or, preferably, accelerated. For the longer term, BAQ adjustment methodology must be changed so that BAQ adjustments reflect the growth in members' housing expenses. This would be best accomplished by delinking BAQ adjustments from the basic pay raise process, and instead increasing BAQ amounts each year by the percentage increase in the MHCI index already used to adjust the VHA budget. In this way, BAQ rates will increase at the same average rate as members' housing costs. DoD has already drafted legislation that would accomplish this.

Long waiting lists for government family quarters at all military installations offer eloquent testimony to the inadequacy of current housing allowances.

These waiting lists lengthen, despite the current unsatisfactory condition of a substantial portion of government housing units, because depressed allowance levels and inadequate pay raises have made off-base housing unaffordable for many military families.

The Military Coalition strongly supports raising BAQ rates by at least the 3.4 percent recommended in the President's Budget. BAQ rates should be restored as soon as possible to a level that reimburses 65 percent of the median housing cost for each grade. For the long term, BAQ adjustments should be linked directly to annual housing cost growth instead of the annual basic pay increase.

VHA Rate Protection. A major problem with the VHA adjustment process is the absence of any relationship with individual housing expenses, particularly in areas with slower-growing housing costs. One of the most significant inequities reported by members under the current adjustment methodology is that many people who have entered into long-term, often escalating, housing contracts can nevertheless experience very large VHA reductions during their duty assignment at a given location.

In the current process, members document their actual housing expenses via an annual survey. These reported expenses are used to establish national median housing costs for each pay grade as well as local median housing costs for each specific geographic location. VHA rates are then adjusted by a formula that is based on the relationship between the newly updated local vs. national median expenses.

Under this formula, VHA rates rise in areas where local median costs have grown faster than the national median, but the rates often decline in areas where local medians have grown slower than the national median. At the latter locations, irate members cannot understand why their VHA is being cut significantly even though their own individual housing costs are rising.

While the law puts a limit on maximum VHA reductions, the current process still produced VHA cuts that wiped out the entire January 1995 raises in basic

pay, BAQ and BAS for 11,000 military members. More than a thousand members living in New York City and Long Island lost their entire pay raise, as did many more living in other high-cost areas like San Francisco, Honolulu, Boston, and Los Angeles. Mr. Chairman, these members cannot afford and do not deserve to be penalized so severely just because of the technicalities of the rate adjustment process. These members' housing expenses did not go down; they lost their allowances because costs rose even faster for other members at other locations. Very simply, the current system robs Private Peter to pay Seaman Paul.

While newly reduced VHA rates can reasonably be applied to members arriving at a location after the rate change, it is unfair to impose large VHA reductions on those who arrived in previous years and entered into long-term rental/mortgage obligations based on the old, higher rates. The latter members' housing costs typically increase each year because of tax, insurance, and maintenance increases or automatic rent escalation in their leases. Their costs almost never go down, and there is already a separate process for recouping money from any whose allowances may exceed their actual housing expenses.

The Military Coalition does not believe that such unfair anomalies were intended or envisioned when the VHA statute was implemented. We believe a "grandfather" system is necessary to protect previous arrivals against the potential loss of their entire pay raise because of the technical dynamics of local vs. national costs. Such a system was proposed by DOD's Joint Service Housing Allowance Study and has been endorsed by all Services.

Its cost is surprisingly small -- an estimated \$12 million for FY96 -- and it would eliminate the single greatest inequity in the VHA system, restoring a meaningful relationship between individual housing costs and individual allowances.

The Military Coalition recommends enactment of legislation to provide reasonable housing allowance rate protection by ensuring that members' total housing allowances (BAQ plus VHA) will not decline during the period of their assignment at an installation.

Under this plan, the VHA rate could decline for members assigned to a duty station at the time of a VHA adjustment, but only to the extent of any BAQ increase. The full VHA reduction would apply only to members arriving subsequent to the VHA adjustment.

VHA Locality Floor. The current Variable Housing Allowance system was intended to incorporate an implicit adequacy floor, based on the nation-wide typical residence (size and type) occupied by military members in each pay grade. However, this oblique methodology has been inadequate to ensure military members are financially able to procure adequate off-base quarters. The 1991 Joint Services Housing Allowance Study, the 1993 Quadrennial Review of Military Compensation, and the 1993 DoD Family Status and Initial Term of Service Study all found that constraints on the BAQ and VHA programs have led to situations where total housing allowances, especially for junior members in high-cost areas, are far less than the market price of safe and decent rental quarters.

The current VHA system develops allowance rates by locality, based on military members' reported expenditures at that locality. However, there is no external measure to verify whether the housing they obtain meets any minimum adequacy and safety standards. This circumstance, combined with repeated pay raise caps that have repeatedly constrained military pay raises below those enjoyed by the average American, have meant that members' housing budgets have grown significantly tighter over the past decade.

The situation is gravest for those assigned to high-cost locations such as New York and San Francisco. The Seventh QRMC showed members reassigned to such areas typically have incurred higher expenses of a magnitude equivalent to loss of one pay grade and longevity step. In such dire financial straits, many young families scrimp on housing to meet food, clothing and other expenses for their children. Unfortunately, these decisions to save money by procuring less-than-adequate housing create a vicious circle by depressing average reported expenses on annual VHA housing cost surveys -- which then become institutionalized in depressed allowances for future arrivals.

All three studies mentioned above noted the urgent need to establish a minimum VHA adequacy "floor" for each locality, based on the price of adequate housing at the applicable location, independent from the actual expenditures reported by military members. Under this system, a member stationed at a given location would receive the larger of the survey-based VHA rate or the minimum adequacy floor. The Military Coalition agrees that such action is needed to put a stop to the current allowance "death spiral" in which decisions to secure lower-quality housing and resultant depressed allowances mutually reinforce each other over time.

The Military Coalition urges high-priority legislation to authorize a minimum VHA floor for each locality, independent of the annual VHA survey, to ensure allowances at each location will enable members and families to secure housing that meets at least basic quality and safety standards.

Military Commissaries. Surveys consistently indicate that the career incentive value of the commissary benefit is second only to military retirement and health care. In fact, studies have shown that the commissary system delivers two to three dollars in compensation value for every dollar of appropriated fund support. The commissary benefit provides a further "psychic value" that reinforces the sense of reciprocal commitment between the military institution and its members and plays a significant role in retention decisions.

Because they place such a high value on the commissary program, military members and their families are understandably concerned over the many proposals in recent years to privatize or otherwise reduce federal support for commissaries in ways that would significantly reduce its compensation value. In the last two years alone, Pentagon budget-cutters recommended at least five different proposals to cut commissary funding or charge higher fees for patrons. These proposals produced such concern in the active and retired force that the Secretary of Defense intervened to rebuff his budget staff and personally reassure the military community that he views maintaining the current commissary benefit as vital to retention and readiness.

Even with such important leadership assurances, The Military Coalition is concerned that the pressures of reducing the budget may prompt some in Congress to propose reducing appropriated commissary support. The Coalition strongly believes this would be penny-wise and pound-foolish. In the long run, such proposals would not achieve the desired savings, but would actually cost the government more money by reducing retention and increasing replacement/training costs.

The Military Coalition urges the Congress to resist proposals to reduce appropriated fund support for the military commissary system in any way that would raise costs to patrons or otherwise reduce the commissary system's compensation and retention value.

RETIREE ISSUES

The Military Coalition believes strongly that quality of life issues for retired military members and families also are important to sustaining military readiness over the long term. If the government allows retired members' quality of life to erode over time, or if the retirement promises that induced them to serve arduous military careers are not kept, this must also inhibit retention in the current active duty force.

Accordingly, the Coalition believes Congress and the administration must place high priority on ensuring that these long-standing commitments are honored.

Continuing Retired Pay Threats Undermine Readiness. The seemingly never-ending proposals to cut back on military retirement have particularly serious implications for morale, retention and readiness.

In the past two years, there have been more than a dozen different proposals to curtail military retired pay under serious consideration by the Congress. Some would have eliminated or reduced COLAs for current active and retired members, some would have applied severe COLA reductions for new service entrants, and others would entail "means-testing" COLAs in one form or another.

While none of these proposals has so far been enacted, some votes were perilously close, raising considerable and persistent fears among active and retired members that the government may renege on the past retirement promises that induced members and retirees to pursue their military careers. The speed and secrecy with which these proposals were constructed, introduced, modified and voted upon have led many members to believe the government feels little obligation to keep its past commitments -- even after the members affected have fulfilled their extended career service obligations.

We are extremely concerned that the proponents of these initiatives have inserted or sought to insert them in budget reduction vehicles with little or no input from the National Security Committee.

Proposals to fundamentally modify the military retirement system and its COLA protections reflect a lack of understanding of the retirement system's role in meeting personnel readiness requirements by helping offset the extraordinary demands and sacrifices inherent in a military service career. The readiness problems of a superannuated force at the beginning of World War II generated the current retirement system to ensure maintenance of a young and vigorous career force. To this end, all but a very few members are compelled to retire in their forties, often with twenty years of training in specialties that have only limited private sector application.

Studies show these forced mid-life career changes typically leave military retirees with second-career incomes trailing well behind those of single-career civilians with similar education, responsibility and earnings histories. For members who have endured such mid-life career disruption on top of twenty-plus years of hazardous duty, long hours, frequent moves, family separations, overseas service, and sacrifice of many personal freedoms taken for granted by other Americans, COLA-adjusted retired pay is their only protection against a lifelong decline in real income.

The Military Coalition fully appreciates, along with most Americans, that our country's long-term welfare requires strict prioritizing of resources versus needs. The military community does not expect to be exempt from this review. Our concern is that we must avoid repeating the kinds of disproportional

sacrifices that have been imposed upon military members, retirees and families during past budget reduction efforts.

We know that the disproportional burdens of the past have not been imposed by this Subcommittee, which understands the arduous sacrifices and force readiness issues that necessitate military retirement incentives. The problem is that the Budget Resolution process has on occasion usurped and bypassed the National Security Committee's legitimate oversight responsibilities in this area. With the Budget Committees now working to identify spending cuts that could balance the budget by 2002, we see substantial risks that this may happen again.

The Chairman of the Budget Committee has spoken passionately about the urgency of pursuing very large budget cuts, citing the need to keep pre-election promises to the Nation's voters as outlined in the "Contract with America." The Military Coalition understands and respects the need to keep one's promises.

But we very much need the leadership of this Subcommittee to ensure the Congress remains sensitive that America has much more long-standing contracts with generations of career military personnel. These devoted Americans wore the uniform for multiple decades of arduous service and sacrifice -- many serving in two or three wars. Throughout, they believed implicitly that their government would keep the promises it made to induce them to pursue such a military career.

A major difficulty is the tendency of some to portray all so-called "entitlement" programs, including military retirement, as a gratuitous gift from the taxpayer. In truth, military retired pay is earned, deferred compensation for accepting the unique demands and sacrifices of decades of military service. Because most Americans are unwilling to endure those conditions, the retirement system is the Services' single most important career incentive.

In effect, military retirees have been sold "government service bonds," not unlike government savings bonds. In the case of savings bonds, the government offers the bonds at a guaranteed interest rate to obtain the funds

needed to meet government financial obligations. To raise the career military force needed to meet the continuing threats of a dangerous world, the government effectively offers military members "government service bonds" which, upon maturity (i.e., following at least twenty years of completed service), yield specified returns in the form of retired pay. These returns are repeatedly spelled out to military members verbally and in writing as part of ongoing retention efforts.

Military members know the government would never seek to cut promised returns for current holders of government savings bonds. Their "service bonds" -- bought with decades of arduous personal service rather than cash -- should entail no lesser government obligation.

The Military Coalition urgently recommends that the Committee introduce report language to seek the assurance of the full House that no changes will be enacted in the area of military retirement without benefit of National Security Committee hearings. Such hearings are essential to afford adequate consideration to commitments made to currently serving and retired members, future retention and readiness impacts, the unique nature of military service and its inherent sacrifices, and the projected impacts of retirement reforms already enacted.

Retired Pay Cost-of-Living Adjustment (COLA) Delays. A major current retired pay issue for military retirees is the severe, multi-year delay in their cost-of-living adjustments (COLAs) -- delays that continue to be far in excess of the sacrifices being asked of other federal COLA recipients.

When the FY1994 Budget Resolution proposed permanently cutting COLAs for retired members under age 62, this subcommittee acted to avoid such an abrogation of long-standing government commitments to those who had already served. All active and retired military members deeply appreciate your actions to delete the permanent COLA reductions in favor of temporary delays, and are grateful for the 103rd Congress' action equalizing the military and federal civilian COLA dates for 1995. Still, they remain frustrated at having to battle every year to win the same COLA schedule already afforded other Federal retirees.

In an effort to avoid a repetition of last year's divisive debates, the Congress overwhelmingly approved adding language to the FY1995 Defense Appropriations Act that charged the President with providing for equal COLA schedules for military and civilian retirees in the FY1996 budget. The President's Budget submission does, in fact, provide for an April 1996 COLA for both groups. It does not address 1997 or 1998, but we understand that outyear offsets have been tentatively identified.

Mr. Chairman, The Military Coalition believes very strongly that it is important to resolve this inequity once and for all, and to act now to put the matter behind us. Continuing suspense and stress over this issue for two more years would be grossly unfair to retired military members. It would not serve the country, and it would be detrimental to readiness.

At a time when recruiting is slipping, when thousands of members are being forced prematurely onto the retired rolls, and when the remaining active forces face continuing intense operations requirements, the Nation can ill afford continual reinforcement of perceptions that military members are relegated to "second-class" treatment upon retirement.

For more than thirty years, our government has maintained a scrupulous linkage between military and Federal civilian retiree COLAs, providing equal percentage increases on the same dates in recognition that all government retirees are equally deserving of this important protection. It is time for decisive action to reaffirm that principle.

The Military Coalition strongly urges Congress to include language in this year's Budget Resolution that will afford retired military members the same COLA schedule as their Federal civilian counterparts, not only for FY1996, but for FY1997 and FY1998 as well.

Survivor Benefit Plan Premium Increase Inequity. The COLA delay has spawned an additional inequity concerning Survivor Benefit Plan (SBP) premium increases. Historically, SBP premium increases have been linked

directly to retired pay COLAs -- whenever retired pay has been increased, the SBP premium paid by retirees (and the SBP annuity benefit payable to their survivors) has been increased by the same percentage, on the same date.

This linkage was suspended by FY 94 DoD Authorization Act language which made the retired pay COLA "effective" December 1 but not "payable" until the following March. Because the SBP statute implements premium increases on the retired pay COLA "effective" date, retirees have been charged increased SBP premiums for December, January and February even though their retired pay COLA is not effective until March. Thus, their retired pay has actually decreased during the months of COLA delay for each of the past two years.

The intent of the Congress in enacting the unusual COLA language was laudable: to protect survivors' SBP COLAs, including immediate COLAs for survivors of members who died during the three-month delay. The thought was that retired members should be willing to pay the additional premium, since their survivors would receive the extra COLA protection. However, actuarial analysis shows that the extra premiums collected from retirees will be more than 30 times the amount necessary to pay the extra benefits to their survivors. In fact, the \$10 million already collected in higher FY1994-95 premiums is more than twice the amount required to pay the actuarially expected additional benefits until the COLA delays stop in 1999.

The Military Coalition believes that this premature premium increase violates the terms of the agreement signed by all retired members electing SBP coverage, in that it increases the premium amount above the maximum 6.5 percent of the member's retired pay. While the premium increase is small in most cases, it adds insult to injury for retired members who not only must accept a delay in their annual increase, but actually incur a retired pay *cut* during the delay period because of the premature rise in the SBP premium. In members' minds, the government is imposing unfair price increases on SBP participants in violation of their written contract, even while it is reneging on its own past COLA commitments to them.

The Military Coalition recommends that the effective date of the SBP premium increases should be restored to the same date that retired members actually receive their retired pay COLAs.

VA Compensation Offset to Military Retired Pay. A continuing issue of concern to the Coalition is the current VA compensation offset to military retired pay. The purposes of these two compensation elements are fundamentally different. Longevity retirement pay is designed primarily as a force management tool that will attract large numbers of high-quality members to serve for at least 20 years despite extraordinary and arduous conditions of service, including a forced mid-life career change. It is intended to replace a proportionally larger share of pre-retirement earnings as longevity increases, recognizing that military members starting civilian careers in their forties or later -- often with skills that have limited applicability in the private sector -- typically incur substantial income reductions.

Veterans disability compensation is paid to veterans who are disabled by injury or disease incurred or aggravated during active military service in the line of duty. Monetary benefits are related to the residual effects of the injury or disease or for the physical or mental pain and suffering and subsequent reduced employment and earnings potential.

The issue is a simple one -- whether members who complete longevity retirement requirements and are also disabled should be entitled to compensation in addition to their longevity retirement.

We recognize that cost is a major obstacle, and have been more than prepared to support lower-cost options. However, our efforts to develop such alternatives have been hampered by persistent problems in DoD accounting and costing methods.

Mr. Chairman, some action is needed soon on this important issue. Members who spent a career in military service and who incurred severe disability ratings merit better treatment than they are accorded under current law. They simply do not have the same employment potential as other retirees and

mere favorable tax treatment is inadequate to recognize the extremity of their sacrifice. Opinions may differ over the extent to which concurrent receipt should be implemented or the offset formula to be used. But some action is important to provide more equitable compensation for those who served more than 20 years in uniform and incurred substantial service-connected disabilities that severely inhibit their post-serving earnings opportunities.

The Military Coalition recommends that the Government Accounting Office be directed to conduct a review of the impact of service connected disabilities on post-retirement earnings opportunities for members with at least 20 years of military service, to include the percentage of such members (by disability rating) who are employed, their median incomes compared to those of nondisabled retired servicemembers, and other relevant data, such as the extent to which such members incurred their disabilities as a direct result of combat action, and whether certain types of injuries/illnesses are significantly more likely to inhibit post-service earnings potential than others entailing an equal or higher disability rating.

PROBLEMS AND INEQUITIES IN THE SURVIVOR BENEFIT PLAN

DoD Survivor Benefit Plan (SBP) Study. Last year, the House Armed Services Committee report on the FY1995 Defense Authorization Bill directed the Secretary of Defense to submit a report to the Committee no later than April 1, 1995, with recommendations for any needed improvements in military survivor programs. The Military Coalition regrets that the Secretary's staff has yet to draft that report, and that it is likely to be delayed beyond the deadline set by the Committee report. Informal discussions with the DoD staff indicate that current actuarial analysis shows the government subsidy level for the Survivor Benefit Plan (SBP) is less than 30 percent -- far short of the 40-percent subsidy originally envisioned by the Congress and even farther below the subsidy levels accorded Federal civilian survivor benefit programs.

The Military Coalition believes that redressing the low SBP subsidy level should be a top priority, and that a primary focus should be

on easing the annuity reduction for SBP widows who have attained eligibility for Social Security.

Automatic SBP for Active Duty Deaths. Under the current SBP rules, there may be significant disparities in SBP benefits for the respective survivors of two members with equal grade and service who die as a result of illnesses or injuries incurred on active duty. Particularly in mass casualty situations such as aircraft crashes, it is sometimes extremely difficult for commanders and casualty assistance officers to explain and justify such disparities among similar casualties in the same accident.

The difference hinges on whether the member survives for a time following the accident. Members considered permanently disabled are retired with a 100% disability rating, which automatically entitles them to retired pay (75 percent of basic pay) and SBP eligibility, regardless of years of service.

Specific examples will illustrate the disparity that is so difficult for unit commanders to explain. Among the mass casualties of an aircraft crash are two members of equal grade and longevity. One severely injured member survives in a coma and is retired with a 100 percent disability rating, then expires two weeks later. The other is killed instantly in the crash. As indicated below, the survivors of the member who is killed instantly receive benefits that can be hundreds of dollars per month less than those of members who survive to be retired for disability:

	E-8 (19YOS) <u>killed</u>	E-8 (19YOS) <u>disabil ret</u>	O-3 (8YOS) <u>killed</u>	O-3 (8YOS) <u>disabil ret</u>
DIC	\$790	\$790	\$790	\$790
SBP*	--	\$218	--	\$490
TOTAL	\$790	\$1,008	\$790	\$1,280

* SBP is reduced by DIC, so the survivor receives only the remainder in SBP

Current law effectively penalizes the survivors of the members who are most severely injured -- those who are killed instantly in the line of duty. Mr.

Chairman, it is important that the government acknowledge that death is the ultimate disability, and that the survivors of active duty deaths should not be penalized because of the severity of their sponsor's injuries.

The Military Coalition recommends that, to eliminate such inequities, the statute be amended to extend SBP eligibility to survivors of all active duty deaths, with the SBP amount calculated as if the member had received a service-connected disability retirement with a 100 percent disability rating.

Benefits for Survivors of Reserve Retirees. Participation in the Reserve Component Survivor Benefit Plan (RC-SBP) also guarantees the eligible survivors an identification (ID) card when the member would have reached age 60. It is through possession of the ID card that benefits for survivors are granted. No ID card means no benefits. If a member chooses to delay the SBP decision until receipt of retired pay age 60 and dies prior to age 60, no retiree benefits are granted to the survivors, and any current reserve family member ID cards are required to be surrendered.

Should a reserve member who is eligible for retired pay die before receiving the Notification of Eligibility (NOE), the RC-SBP annuity is payable to the surviving spouse of the reserve member. Similarly, if during the 90-day period following receipt of the NOE a reserve member dies and has not made an election nor selected options under the plan, the RC-SBP annuity is payable to the surviving spouse. A reserve member who does not make an election during the 90-day period following receipt of the NOE is presumed to have declined the RCSBP and no retiree benefits are granted to the survivors under current law.

RC-SBP, like the companion active component plan, was enacted to give retirees the option to insure their eligible survivors against the loss of a portion of their military retired pay. The conscious decision by a Reserve member to delay a decision to age 60 or to decline RC-SBP should not also deny their survivors all other benefits earned through the reserve member's service. In essence, if reservists want to preserve any privileges or benefits for their survivors, they are, in effect, coerced into participating in RC-SBP.

This is not the case for survivors of active component members who decline to participate in the SBP. It should not be the case for survivors of Reserve retirees.

The Military Coalition strongly recommends that 10 USC 1447 be amended to extend medical care, commissary, exchange and other benefits to survivors of reserve retirees irrespective of the retiree's SBP decision.

Social Security Offset Inequity. Past Comptroller General decisions have specified that SBP annuitants whose post-62 SBP annuity is calculated under the Social Security offset method should not have their SBP annuities reduced below 35 percent of the retiree's SBP retired pay base amount. In cases in which survivors elected reduced benefits at age 60, the Comptroller General had ruled that the SBP offset that takes effect should be based on the reduced Social Security payments the survivors actually receive. These past decisions confirmed the intent of Congress that the combination of the SBP annuity and the Social Security annuity attributable to the retired member's military service should never be less than 55 percent of the retired pay base amount.

However, a more recent (August 6, 1992) Comptroller General decision has reversed the previous decisions. The new ruling specifies that the survivor's Social Security offset amount must be calculated on the Social Security survivor benefit that would have been payable if the survivor had delayed claiming this benefit until age 62. Since the age 62 benefit is larger, this provides a larger SBP offset and a smaller SBP annuity. In such cases, it is possible for the survivor's combined SBP and Social Security benefit to fall below 55 percent of the retired pay base amount.

The Military Coalition believes it is highly inequitable to base the SBP offset on a higher Social Security benefit than the survivor actually receives. Retiring members were convinced to make very large financial commitments (their contributions funded more than 60 percent of their survivors' benefits), based largely on the promise that their survivors would always receive at least 55 percent of the retired pay base. This promise to deceased SBP contributors must be kept.

The Military Coalition recommends legislation to specify that the SBP annuity reduction under the Social Security offset formula shall not exceed that amount of Social Security benefit actually received by the annuitant that is attributable to the retiree's military service.

Provide SBP to "Forgotten Widows". Prior to 1972, the only alternative military retirees had was to enroll in the Retired Serviceman's Family Protection Plan (RSFPP). While created with good intentions, there were many problems associated with the RSFPP. The high cost of participation in the RSFPP, relative to the level of benefits provided, coupled with the low rates of pay received by military personnel resulted in a poor rate of participation. In fact only 15 percent of those eligible to participate could afford to do so. The Survivor Benefit Plan (SBP) enacted by P.L. 92-425 in 1972 provided a significant improvement in survivor coverage over earlier plans and is based on a Congressional goal to parallel to the extent feasible, the successful survivor benefits program of the Civil Service Retirement System.

The SBP terminated the RSFPP for members retiring on or after September 21, 1972, and created an open enrollment period for members already retired. Although the open enrollment period was initially 12 months' duration, it was later extended through March 20, 1974.

This SBP open enrollment period inadvertently created the first category of "forgotten widows," the pre-1974 widows of careerists. These were widows of "career" retirees who died before the SBP was enacted on September 21, 1972, and those who died during the open enrollment period before making a decision about participation in the Survivor Benefit Plan. Although there are 3,000 to 10,000 pre-1974 military "forgotten widows" in this category, the eligible population is aged -- most are in their 70s -- and declining every day.

The SBP also provided survivor coverage to members of the reserve components who earn their retired pay through a combination of active and inactive service but do not receive retired pay until attaining age 60. However, as Congress was soon to learn, SBP coverage became a hollow promise for many reservists and inadvertently created another category of "forgotten widows". Retirees who met all requirements

for entitlement to retired pay, but died before being able to receive it at age 60, were unable to protect their dependents under the SBP.

The Uniformed Services Survivors' Benefit Amendment of 1978 (Public Law 95-397) September 30, 1978, corrected that disparity for future reserve retirees by giving them the opportunity to elect survivor benefit coverage for their spouses and children when completing 20 years of qualifying service.

Although the law created an opportunity for those who had already completed 20 years of qualifying service to participate in the Reserve Component SBP, it did not provide coverage for widows of Reserve retirees who died prior to its enactment. Thus the second category of "forgotten widows" evolved -- the pre-1978 reserve widows. There may be 3,000 to 5,000 widows in this category.

Military widows justifiably feel forsaken by their government. In 1948, when the Civil Service Survivor Benefit Plan was enacted, it created some civil service forgotten widows. Our widows find it ironic that the civil service problem was resolved 10 years later on June 25, 1958. This civil service precedent created a forgotten widows benefit for the widow or widower of an employee who was married to the employee for at least five years immediately before the retiree's death, unremarried and not entitled to any other annuity from the civil service retirement and disability fund based on the deceased employee's service. Widows who qualified were entitled to an annuity equal to one-half of the annuity the employee was receiving on the date of his death, if retired, or would have been receiving if he had been retired for disability on the date of his death -- not to exceed \$750 per year. That \$750 benefit equates to more than \$3,600 in today's dollars. As 82-year old Virginia Gibbs of Annapolis, Maryland noted when we interviewed her about her abandonment by the government, "Twenty-one years have already gone by, 21 years without benefits. All I have to show for my husband's 30 years in the Navy is the memories."

The Military Coalition recommends active and reserve "forgotten widows" be provided the minimum SBP annuity of \$165 per month or \$1,980 per year.

Offer SBP Withdrawal Options. Many years of uncertain financial changes present a challenge to the estate planning of many military members because they are relatively young at the time they retire from military service. Mid-life career change and the anxiety associated with transitioning to civilian life present members with uncertainties over future income levels, the availability of other benefits, the growth potential and security of their new employment, and their future family financial requirements. The situation is aggravated today as many retirees go months without jobs or, as an alternative, accept lower-paying job opportunities that underutilize the professional qualifications they earned through years of practical experience.

Under the current SBP law, these uncertainties are coupled with the irrevocable nature of the SBP participation decision. This reality can persuade a retiring member to decline SBP altogether or to elect a reduced base amount in order to keep premiums at a clearly affordable level. Many members have voiced concern about making such a significant and irrevocable financial commitment just before a major career transition. This is most pronounced for enlisted members whose immediate concern is to meet this month's expenses, not the family's future financial security. This degree of uncertainty is much less for the typical civilian retiree who has the option of waiting until age 65 or later to make the decision. The reluctance of military retirees to make the necessary financial commitment could be reduced if they knew they would be permitted to reevaluate their estate plans after a reasonable period of transition from military service into their second careers or at a point in life when their finances become stable such as at the point of ultimate retirement.

The Military Coalition recommends that a withdrawal clause be added to allow a participant, with spousal concurrence, two one-year "windows" to drop out of the Plan. The first "window" would come three to five years after retirement; the second would follow the spouse's 65th birthday.

CONCLUSION

The Military Coalition is grateful to the Chairman and distinguished members of the Subcommittee for allowing us to share our views on these vital issues.

The Coalition urges you to pursue these necessary actions to maintain the Nation's forces at their current quality and effectiveness and, further, to honor the commitments made to retired servicemembers and their families for their dedicated career service to our Nation. The Coalition stands ready to amplify on any of these issues and to assist the Subcommittee and staff in prioritizing any cost offset options necessary to achieve its recommendations.

Addendum of
THE NATIONAL MILITARY FAMILY ASSOCIATION
to the Testimony of
THE NATIONAL MILITARY FAMILY ASSOCIATION
NON COMMISSIONED OFFICERS ASSOCIATION
THE RETIRED OFFICERS ASSOCIATION
before the
SUBCOMMITTEE ON PERSONNEL AND
COMPENSATION
of the
HOUSE NATIONAL SECURITY COMMITTEE

MARCH 16, 1995

Not for Publication
Until Released by
the committee

Mr. Chairman and members of the Military Personnel Subcommittee, the National Military Family Association (NMFA) appreciates this opportunity to add its addendum, specifically addressing certain family issues, to the testimony endorsed by The Military Coalition. NMFA also endorses the contents of the full testimony as approved by The Military Coalition.

HOUSING

The Department of Defense (DoD) states that 1/3 of all military families live in unsuitable homes. The bulk of these unsuitable homes are government quarters. Walls that become damp or wet each time it rains; basements that become rivers in the same rainfall; falling plaster, windows that require plastic sheeting to prevent cold air from entering the house; peeling paint inside and outside; three and four bedroom units with one bathroom; rooms more suitably sized for doll houses; and plumbing that isn't fixed for months at a time are the common descriptions of the available housing on military installations. Why then do we have waiting lists for these quarters at every active installation? Most military families cannot afford to live in the civilian community on current pay and housing allowances. When forced to do so, they often trade distance from the installation or a safe neighborhood for affordable housing.

The tragedy is that a high proportion of those forced to seek housing in the civilian sector are the most junior enlisted families, those with less disposable income and more in need of the support services available at the installation. These families generally cannot afford two cars. If economically forced to live a great distance from the military installation, the civilian spouse often has no transportation to seek employment or financial counseling at the family support center, to shop at the Commissary and Exchange, or even to seek health care at the military hospital. Families that trade a safe environment for affordable housing become extremely vulnerable when the servicemember is at work or deploys.

Rentals in civilian communities are often not available for families who need more than three bedrooms. Some installations report a significant shortage of any single family home rentals. Base Realignment and Closure (BRAC) actions and the drawdown from Europe have significantly increased the population at some installations, producing "no vacancy" signs in the civilian community.

DoD is not a particularly good landlord and has certainly been a fiscally irresponsible one. Decades of maintenance backlogs and reduced construction have lead to unsuitable (in some cases totally dilapidated) family housing and single member housing. Current new construction requests are essentially not adding to the inventory, but simply replacing units that are no longer serviceable. A scarcity of maintenance funds is causing some units to be closed because they can't be repaired and other units to deteriorate further. Total inventory is decreased because of BRAC. Imagine the dismay of a newly arrived family who, having spent fruitless days or weeks attempting to find a place to live, drive around the installation and see house after house boarded up and vacant.

Quality of Life Initiative - FY 96

- Funds to renovate and put back into service 2,500 sets of family quarters
- Funds to renovate and upgrade 2,000 barracks/dormitory spaces
- Funds to develop as yet unspecified private sector partnerships to increase the housing inventory
- Funds to reduce out of pocket housing costs by increasing the BAQ allowance

Do the initiatives meet the need?

The housing initiatives included in the DoD budget request for FY 96 are certainly a step in the right direction. The need is great and the funding required to meet that need is formidable. Military families, however, are a relatively patient group and if a consistent, constant effort is being made to correct problems, their ability to "make do" and endure is remarkable. Additional initiatives are suggested to accelerate the "build up" to adequate housing for all servicemembers.

1. Additional steps must be taken to produce a more equitable and consistent housing allowance (see discussions in The Military Coalition's endorsed testimony).
2. Maintenance funds must be increased so military families and single servicemembers can expect the same type of landlord service from DoD as they would

from the best civilian landlords. Maintenance funds must be increased to protect the serviceable life of new construction or current problems will surface again and again.

3. Once BRAC 1995 is finalized additional new construction funds should be made available for gaining installations for both family and single servicemember housing. Private sector partnerships may be an excellent way to quickly increase the inventory and to satisfy the particular needs of gaining installations during the BRAC process.

CONUS COLA

Six years ago NMFA brought to the attention of Congress the problems faced by military families transferring to high cost of living duty stations. For several years we routinely, and singly, spoke to the same issue. We were overjoyed when Congress included the CONUS COLA in the FY 95 Defense Authorization Act. We now await implementation.

The problem as first stated six years ago is basically the same. Servicemembers and their families transferred from a low or median cost of living area to a high cost of living area immediately experience a reduction in their standard of living. Originally the sea services, usually stationed in costal areas, were more severely affected by this problem than the other services. However, over the years the members and families of the other services have also become affected. Last year it was estimated that such a transfer would equal the loss of one pay grade and one longevity pay increase!

Increased costs for transportation, insurance, clothing and other basic necessities of life result in families being forced to chose significantly inferior housing, forgoing extra curricular activities for their children and even in some cases reducing the amount of food on their table. The servicemember who works hard and is promoted and is then transferred to a new duty station in a high cost area must certainly begin to wonder if the promotion was really worth it.

Quality of Life Initiative for FY 96

- Funding for approximately 30,000 servicemembers to receive cost of living adjustments for high cost areas

Does the initiative meet the need?

Since no definitive list of locations has been proposed, it is difficult to state categorically that the need has been (or will be) met. Many families will continue their "belt tightening" at new duty stations since the CONUS COLA will be paid only in areas that are over 109% of the national average cost. These same families are usually the ones who must absorb the highest out of pocket costs for their housing. While CONUS COLA, BAQ and VHA are not linked in law, they are linked in the family's pocketbook. All three payments must be fairly and consistently adjudicated, particularly in high cost areas, in order to protect the family's well being. NMFA looks forward to the swift implementation of the CONUS COLA and urges that it be funded at the lowest level allowed by law.

CHILD CARE

1.2 million military children are under the age of 12. Over 60% of military families have two wage earning parents. DoD states 312,000 spaces are currently required to meet the need for full time and before and after school care. DoD's current inventory is 166,000 spaces.

Prior to the Military Child Care Act of 1989, child care at military installations varied significantly in quality of programs, safety of facilities and ratios of child care providers to children. DoD had certain stated standards regarding both facility safety and ratios, but they were often ignored. Some installations had superior child care centers that were safe and offered excellent pre-school teaching programs. Unfortunately many others were simply "warehousing" children on a full time basis and sometimes in facilities far below fire and safety codes. The military community was unfortunately also involved in several well publicized cases of child abuse at installation centers. The Military Child Care Act increased the cost of child care to the services and in most cases to the parents who used the facilities. It also provided inspection mechanisms to require centers to meet fire and safety codes and adequate provider to children ratios. It is interesting to note that in the category of ratios, DoD standards are only in the middle of the various state standards. The Act also increased care giver salaries and required an adequate level of instruction. As a result, a significant number of DoD Child Development Centers are now nationally licensed and the annual turnover in care givers has been reduced from approximately 400% to 30-40%. Current law

requires all providers to have back ground checks for prior child abuse convictions and provides that facilities are configured so that children are in the sight of more than one care giver at all times.

Family Child Care (FCC) homes are closely supervised and all care givers are trained. Care in FCC homes is often more expensive, but can also be 24 hour care when the need arises. Many military parents prefer to have their infants cared for in FCC homes. FCC homes also offer a significant spouse employment opportunity while allowing care givers to remain at home with their own children.

DoD is an employer and just like any other competitive employer must satisfy the current and emerging needs of its employees. Work-site based child care is not unique to DoD. DoD child care is home-site care in many cases as well as work-site care. A significant number of Child Development Center and FCC users also reside on the military installation. Military families are a mobile population and finding quality affordable child care at a new installation is a priority for most two income families. When care is not available at an installation, the search for appropriate child care is one more thing to add to the list of finding a home and perhaps a new job for the civilian spouse.

Quality of Life Initiative for FY 96

DoD intends to use the additional funds in the FY 96 budget request primarily to add slots for before and after school care. Currently the fastest growing population of military children is in the 6 -12 year old range.

Does the initiative meet the need?

NMFA has had reports of increased numbers of "latch key" children at military installations. Allowing children of this age to roam unsupervised is not only dangerous but could well breed the increased "gang" type behavior that installation commanders cite as a pressing concern. NMFA has the following concerns and suggestions:

1. A caution against assuming that the current growth population (6 to 12 year olds) is necessarily a harbinger of the future. Since the force drawdown has included a significant reduction in new accessions, the force has aged. It is natural to assume that as the force aged, so did their children. An out year increase in new accessions

may well result in the growth population being in the pre-school age group needing full time day care.

2. The large shortfall in spaces suggests thought should be given to subsidizing spaces in child care centers in the civilian community that meet DoD standards.

3. NMFA's current prime concern, space for "drop in" or occasional care, is not met by the Quality of Life Initiative. Spaces at centers and in FCC homes are filled primarily (at some installations, totally) with children receiving full time care. Volunteers; parents who need a place to leave a well child while taking a sick child or themselves to an appointment at a military medical facility; parents who wish to attend Family Support Group meetings; and the spouse of a deployed member who needs some time away from the "terrible twos"; usually have no place to leave their children.

The quality of life at any installation would drastically deteriorate if volunteers did not lend their expertise and time. As more young mothers enter the work force, the pool of volunteers and volunteer time becomes more limited. When child care is not available, the volunteer talent can be, and often is, lost. NMFA has had numerous reports of family service centers, youth activities and financial assistance associations whose hours or availability have been severely curtailed because of no "drop in" child care. Parents contact us about being unable to attend family support group meetings because of no "drop in" child care.

The Army and the Marine Corps both have excellent programs for occasional or "drop in" care, particularly for support group or unit meetings and courses or workshops offered at family centers. The Navy and the Air Force have not adopted these programs and the implementation of them is not service wide in the Army or the Marine Corps. NMFA strongly encourages the development and expansion of these "drop in" programs by all installations and all services.

However, the need for "drop in" care for a medical appointment, some volunteer work, and to "just to get away" (NMFA refers to this as PREVENTIVE respite care) is not met with even these alternative programs. NMFA understands the current demand for full time care and the significant increase in cost to Child Development Centers when spaces are reserved for "drop in" care, probably precludes an increase in center based spaces for this need. It is possible, and already being done at some installations, to subsidize FCC providers to offer "drop in" care. If FCC providers are

assured of a constant income, they may well be willing to trade reduced income for routinely providing care to fewer children for shorter periods of time.

FAMILY ADVOCACY

Is family violence on the rise in the military community or are people just reporting cases more often? Whatever the answer the extremely high case load carried by counselors does not allow adequate prevention and intervention programs. DoD has a ratio of 1:39 counselor to case load (this translates into much higher ratios for some of the services). The case load in the civilian community is 1:15 to 1:25.

NMFA has anecdotal evidence from both professionals and family members at the installation level, that increased PERSTEMPO (OPTEMPO) has caused a rise in the number of reported family violence cases. Installations which experience more frequent deployments, appear to have an increase in reported cases. Family members report that a deployment of unknown length as well as unexpected and sudden deployments add to incidents of family violence.

Quality of Life Initiative for FY 96

The budget request includes additional funding for both family advocacy and the New Parent Support Program. DoD plans to reduce the counselor case load ratio to 1:31 with the additional funding.

Does the initiative meet the need?

The New Family Support program is among the best programs, if not the best, to assist young families in developing healthy family lifestyles. Lower counselor case load ratios will enable the counselors to better serve military families. NMFA suggests:

1. Prevention programs that encourage healthy lifestyles, teach parenting, and teach coping techniques need to be increased. Programs must be tailored to the installation's demographics and mission.
2. Young families are often forced to reside at great distances from the installation and need pro-active outreach programs.

OTHER QUALITY OF LIFE CONCERNS

NMFA would like to bring to the Subcommittee's attention two other issues that do, or will, significantly affect the quality of life of military families. Neither State Block Grants nor Impact Aid are under the direct oversight of this Subcommittee, but both are of such importance to the well being of service families that we believe you should be cognizant of their effects. We also ask your advocacy on behalf of military families to those Committees that do have oversight over these issues.

STATE BLOCK GRANTS

Under current and planned legislation in the House of Representatives certain programs for which military families are eligible are to become state block grants and/or states will be given the authority to set the criteria for program eligibility. Among these programs are the Supplemental Security Income program (SSI), Women's Infants' and Children's nutrition program (WIC), school nutrition and child nutrition programs, and possibly the Food Stamp program.

The first concern is for eligible military families stationed overseas, i.e. In what state is Germany? The second concern is for both schools and child development centers on FEDERAL installations located within the United States. The third concern is whether or not states will implement length of residency or legal domicile requirements as part of their eligibility criterion.

NMFA would rather not have military families who qualify for food stamps, the WIC program, the SSI program or free or reduced priced school lunches. The hard fact of the matter is that many do. A total of 41.6% of children who participate in the Department of Defense Dependent Schools (DoDDS) lunch program are eligible for free or reduced price lunches. An additional 45% of stateside students who participate in the Department of Defense Domestic Dependents Elementary and Secondary Schools (DoDDDESS) lunch program are eligible for free or reduced priced lunches. If DoD had to fund these programs it would cost the Department \$9.4 million dollars a year. An additional \$17 million is provided to stateside Child Development Centers and FCC homes under the USDA Child and Adult Care Food Program. If the

programs were not funded at all, the military children served would become nutritionally at risk.

Military families who qualify for food stamps, WIC and SSI are our most financially vulnerable families. Access to such programs for these families will be severely limited or denied if states impose length of residency or legal domicile requirements as part of the eligibility criteria. To deny military families and their children access to programs available to all other U.S. citizens simply because someone in the family serves in the Armed Forces is unconscionable! NMFA is not concerned with the concept of state block grants or of states setting eligibility criteria, but it is extremely concerned that the well being of military families and their children not be trampled in the process.

IMPACT AID

Impact Aid is a federally funded program administered by the Department of Education to reimburse local school districts for educating federally connected children. Indian children and military children are the main recipients of this payment in lieu of taxes. The payments are to offset the loss of local tax revenue because of the presence of a federal installation in the district and the provisions of the Soldiers' and Sailors' Civil Relief Act.

Impact Aid is paid directly to the affected school district without cumbersome rules and regulations for its use. Only the use of funds specified for special education students must be documented. Impact Aid was funded at authorized levels from its inception in 1950 to about the mid to late seventies. Subsequent cuts significantly reduced the amount appropriated compared to the amount authorized. Last year Congress authorized a new Impact Aid program that specifically includes provisions to direct larger shares of funding to schools most in need. However, the FY 95 appropriation for Impact Aid was 10% less than the amount appropriated in FY 94 and 18% below authorization. The administration's budget request for FY 96 includes an additional 15% cut in the program. It should be noted that as funds have decreased, the number of military children served by the program has increased! In 1990 461,795 military children were eligible for Impact Aid. In 1994 523,837 military children were eligible for the program. NMFA believes the reason for the increase is two fold. While the total number of military children has decreased as the size of the force has decreased,

many of the children that were being educated in European DoDDS schools are now being educated at public schools in the United States. As the force has aged during the drawdown so have military children. A higher percentage of our children are now school age.

The education of their children is of such importance to military families that decisions on where to live, whether or not to move the family to a new duty station, and even whether to remain in service, can be based solely on the quality of education available. It is not only the quality of education military children receive that is affected by Impact Aid, but also the quality of education of every child in the school!

SHAPING THE FORCE OF THE FUTURE

It is a well accepted fact that the readiness of servicemembers is enhanced when the families are well prepared and adequately supported. It is equally true that servicemembers who are concerned about the well being of their families have a difficult time giving 100% to the military mission. Families who feel they are adequately supported by the military are supportive of their servicemember and more likely to encourage or acquiesce to positive retention decisions.

Housing that is affordable, safe and appealing; a lifestyle that is not significantly affected by the cost of living at a new duty station; quality child care and education for their children; appropriate safety nets, such as social assistance programs and family advocacy, all are part of the well being of the family.

Almost as important as keeping today's soldiers, sailors, airmen and Marines ready for their mission and in the service, is the effect these programs will have on the quality of the force of tomorrow.

Studies have shown that from 25% to 50% of currently serving servicemembers were members of a military family at some point in their youth. Anecdotally the same is true of military spouses. If we are currently raising the military families of the future, should we not consider these quality of life programs as an investment in tomorrow as well as today? Many private sector companies have entered into partnerships with local schools and colleges to increase the quality of the education of their potential future work force. The Department of Defense has the chance to not only contribute to the

quality of education of a significant proportion of their future work force, but its physical well being and healthy lifestyle as well! Programs that enhance the quality of life of today's military families also help shape the military families of the future.

STATEMENT OF SYDNEY T. HICKEY, NATIONAL MILITARY FAMILY ASSOCIATION

Ms. HICKEY. Thank you. Mr. Chairman, I will particularly discuss those quality-of-life initiatives that Secretary Perry has put forward this year. We are aware that the construction and maintenance of family housing is not under the direct oversight of the subcommittee. However, the availability and condition of that housing is extremely important to service members and their families.

The quality-of-life initiatives will put back into service and renovate or upgrade a significant number of both family housing units and single service member spaces. These are steps in the right direction, but DOD must do significantly more things in order to become a proper and responsible landlord.

The quality-of-life is going to cover those areas that are at 109 percent above the median cost of living. That will not include Washington, DC; yet by law the Washington, DC area would probably be included if we went down to that level.

Unfortunately, the families living in areas like this who will not get the CONUS COLA also are the ones that spend the most money out of their own pockets for housing. While we are well aware that CONUS COLA and BAQ and BHA are not linked in law, they are linked in the family's pocketbook. All three payments must be fairly and consistently adjudicated in order to protect family well-being.

Sixty percent of military families are two wage-earning families. DOD states that it currently can only meet the needs of half of those who need full-time day care and before and after-school care. The quality-of-life initiative would go a long way toward meeting some of those needs. However, it would not meet one of the needs that NMFA is particularly concerned about, which is the need for drop-in or occasional care.

Our volunteers without whom our installations could not function do not need full-time care. They need drop-in care. The mother who has a sick baby and takes the baby to the hospital cannot take her well toddler. She does not need full-time care, but she does need drop-in care. The mother of a couple of toddlers whose husband is deployed needs it, just a little bit of time away from the terrible twos, but she doesn't need full-time child care. She needs drop-in child care.

The quality-of-life initiative would not address this problem. One way of addressing it would be to have the family day care homes subsidized to a very small extent to allow them to take drop-in care. This is being done by the Army in some places in Europe and we believe it is a very good program.

I would hasten to state that we are not suggesting current child care regulations be reduced. We do not want to return to warehousing full-time care children as we have done in the past. The drop-in or occasional problem is a different issue and needs to be addressed as such.

I think you asked Ms. Becraft some questions about family advocacy. She did not mention one of the things of concern to us, that the DOD caseload is one counselor for every 39 cases. In the Navy, it is one counselor to every 60 cases. In the civilian sector, the average is 1 to 15 or 1 to 25.

Obviously, we are not able to do even adequate intervention programs, much less prevention programs. And that is what we need if we are going to save these families for their own sake and for the sake of the military.

We are also concerned that we are not reaching out to our youngest families, sometimes those most frequently at risk and who are forced to live at great distances from the installation, and we do not have a mechanism to reach out to them and to make sure that they come on our installation for our good programs.

You have asked about PERSTEMPO or OPTEMPO affecting the families. Anecdotally, and in some services, there are statistics that would indicate there is higher incidence of family violence in units that experience high PERS or OPTEMPO. However, we hear from families that the stress level is much higher when there is an unexpected deployment or when the length of the deployment is unknown rather than stress simply related to the DOD deployment. We think both of these are things the Department can work on.

Lastly, I would like to bring two issues to your attention that are not under the direct purview of this committee, but are important for military families. One is the State block grants. We understand this is sort of a moving target now as we are moving various pieces of legislation into one vehicle.

We understand that either amendments have been offered or will be offered to take care of many of these programs. There are two we are concerned about. In the United States when States are allowed to set eligibility criteria like for food stamps, will they put residency requirements on our families? It has been done in the past.

Unfortunately, we have families who qualify for food stamps. They are our most financially vulnerable. They are most financially vulnerable when they have just made a permanent change of station. That is not a time to block them from these benefits.

The second issue not under the purview of this committee is impact aid, funds for the education of military children. The President's budget asks for 15 percent less than was funded last year. There are some in the Congress who would completely destroy the program.

What I think is extremely interesting is that between 1990 and 1994, we have had an almost 14-percent growth in the number of children eligible for the program, and yet even if we go with the President's request, between 1993 and 1995, we will have decreased funding by 25 percent.

Mr. Chairman, we have military children that are already being taunted that it is their fault they have large class sizes. It is their fault children have to share textbooks. It is their fault they don't have sports teams. I am very much afraid that if this program continues to be underfunded or is deleted altogether we will have school doors that close. School districts have told us this.

At the very least we will have a very low education quality for our military children. While I understand that it is not under the purview of this committee, we would ask that you be advocates for these programs that are extremely important to military families.

Colonel Strobbridge will discuss retiree and survivor issues.

Mr. DORNAN. Thank you very much.

STATEMENT OF COLONEL STEVEN STROBRIDGE, USAF (RET.), THE RETIRED OFFICERS ASSOCIATION

Colonel STROBRIDGE. Mr. Chairman, retired and survivor compensation issues are often overlooked in addressing the quality of life in the military, but we need to remember that surveys show that the military retirement system is the single biggest career retention incentive program that the services have.

You mentioned about pay being one of the biggest reasons that they leave or dissatisfaction with pay; that as long as it is okay it is not a problem. The thing that pulls them to a career after they get beyond that first term, the No. 1 reason that they list across the services in all our surveys is the retirement system.

Members pursuing arduous and dangerous military careers need an assurance that their post-service retirement pay will, in fact, offset the many sacrifices that they incur in their career. They also need to know that should they be called upon to make the ultimate sacrifice for their country that their dependents will be treated fairly.

Retired and active members alike are very concerned that in the past 2 years more than a dozen different proposals to constrain military retired pay have been seriously considered by the Congress or by other panels like the recent Entitlement Commission. Such proposals fail to recognize the retirement system's importance to long-term retention and readiness. It is especially troubling that proponents have inserted them in the budget reduction vehicles and are still seeking to do so without input from the National Security Committee.

One leader recently defended such proposals based on the need to keep preelection budget cut promises outlined in the Contract With America. Certainly, the Military Coalition understands the need to keep promises, but we must also remember that America has preexisting contracts with generations of career service members who sacrificed for decades in the belief that America would keep her promises to them as well.

In a very real sense, military retirees have been sold government service bonds, much like savings bonds except America asks them to invest decades of arduous service rather than cash. Military members know that the Government never defaults on the promised returns for other bondholders and they believe that their own service bonds entail the same obligation.

Many of the proposed retirement changes are based on comparisons with civilian retirement programs. Mr. Chairman, we simply can't apply civilian retirement concepts to a military career. We don't have anywhere near the same service conditions. We don't allow military members to serve into their sixties for readiness reasons like civilians can serve into their sixties. We impose requirements on them that limit their abilities to build home equity, to have spouses pursue full careers and develop their own earnings and retirement benefits, that limit their ability to amass personal savings or achieve family stability.

We have forced them out of the service, virtually 100 percent of them out of the service in what to other Americans is mid-life, in their forties, and make them start over at that point and a lot of times when they have spent 20 years in fields and have developed

skills that have very little applicability to the civilian job market. The fact is that top quality people are not going to endure 20 years plus of military service conditions if we change the retirement system in ways that ignore those extraordinary military-unique sacrifices.

Accordingly, we urge the subcommittee to seek advance input on any retirement proposals being considered for the budget resolution. The National Security Committee's expertise must not be ignored and its oversight responsibilities must not be usurped in the urgency of the budget process.

To the extent that changes may be made, they must not undermine long-term retention and readiness and they should be applied prospectively so that past promises are kept.

The ill-considered use of the budget process to impose special penalties on military retirees was epitomized by the OBRA 93 action which required severe multi-year delays in their cost-of-living adjustments far beyond the sacrifices asked of other Federal COLA recipients.

Last year, Congress recognized the inequity of this action and equalized the 1995 COLA date for all Federal retirees. But 3 years of significant disparities remain and the President's budget only envisions addressing 1 year this year even though we have received indications that they intend to do this again.

Military retirees are very frustrated at having to battle every year to win the same COLA schedule already established for other Federal retirees. It is time to put this issue behind us by working to ensure this year's budget resolution eliminates all remaining disparities between military and Federal civilian COLA schedules.

There are also several survivor issues that need fixing. We appreciate this subcommittee's authorization report language last year that tasked DOD for input on needed change. Unfortunately, DOD's report is probably going to be delayed beyond your April deadline.

It is too early to predict what that report will recommend, but we must address the recent DOD actuaries' analysis, which shows that the government subsidy for the survivor benefit program is less than 30 percent. This is far short of the 40 percent subsidy originally envisioned by the Congress, and it is even farther below the subsidy afforded the Federal civilian SBP program. A top priority should be to ease the annuity deduction for SBP widows who have attained social security eligibility.

Other priorities include providing a minimum SBP payment for the so-called forgotten widows whose sponsor died before being able to participate, and also extending retired ID card benefits to survivors of all gray area Reserve retirees.

Finally, a particularly glaring inequity needs to be addressed by extended SBP eligibility to survivors of all active duty deaths on the same basis as survivors of disability retirees. This is a very low-cost initiative, only about \$700,000 per year, that would properly recognize that death is, after all, the ultimate disability.

Mr. Chairman, we do very much appreciate this opportunity to present our views on all of these important issues. We look forward to working with the subcommittee to address them. We will be happy to respond to any questions you may have.

Mr. DORNAN. Well, thank you, all three on the panel, a very comprehensive and very thoughtful statement. And I will tell you that things were very gloomy on all of the subjects you brought up, were it not for the military coalition and this expansive list of brother and sister organizations, and the clout that these organizations individually can work with individual Members of Congress and the U.S. Senate across the country. And in unity there is strength, and it is because of all of these groups, including the groups that you individually represent, that we had hoped to address fairly all of the problems you have brought before us and see if we can do the right thing here.

Now, because all of you were here early and listened to the other testimony, you can see that honorable people in the administration at the highest levels of the Defense Department have a rationale for a lot of problems, and they sometimes have trouble answering whether or not they see the impending retention crash coming that some of us see. Let me start off with that question.

Do you think—and one other thing that I forgot to bring up to Secretary Dorn—a lot of these problems we feel, longtime members of the Armed Services Committee, now called National Security, and our staff, is that the drawdown has been so massive that it has masked, that is the word the staff first used to me, and I find it very, very fitting, it has masked a lot of these problems. I think not only because is it human nature to wait and see what happens, but there is a little issue of pride there to say, I wonder if I am going to make this cut, and to put off decisions about long-range life choices to see how valuable you really are to your country or to your individual service as it is coming down, coming down. And once we have stabilized at two-thirds of what the force was at its recent peak, that when we hit 1,400,000, a lot of people are going to say, now I made all of the cuts, I am valuable to my country, but are they rewarding me?

And I agree totally with what you said, that people in administrations of all ideologies and all parties come and go; they do not sometimes look at how the treatment of retirees impact not necessarily the very youngest people in the Service, but those that have only been on board a few years, are married, children are coming, and they are starting to look at the whole life package.

And understanding exactly the way you all put it, that military life is different. I think one thing we did touch on here all day long is that military life is simply different. It is different for those who wear the uniform and it is certainly different for their families; and one aspect I always found most unique about it, whether it was as an enlisted man or as an officer, is you just can't up and sing a few little bars of take this job and do-what-you-want-with-it. You just can't quit. And you miss some big job opportunities where there is a one-shot deal here or there in some area of the country that you have fallen in love with or some job back home where you come from. You say, well, that is not there for me, whether it is an airline job or whatever, because I am on a 4-year commitment or I just re-upped, and a lot of those windows close.

So let me ask you each to comment on your observations, individually and for your groups, about a retention crash on the way. Do you see it coming?

Sergeant Major OUELLETTE. Mr. Chairman, let me talk from the noncommissioned officer's standpoint, because I think to start out with here, this is what I hear personally and what the association hears.

The drawdown situation just has really compounded the whole stress problem of both serving in the Armed Forces. These men and women serve under a tremendous amount of pressure, not only that associated with their line of work, but also of the policies implied across the board. It may be promotion problems, waiting for the next promotion list to come out; the constant threat of deployments or family separations; the long working hours; the—many times the inability of spouses to find jobs in an area. These kinds of pressures and stresses are built into the system.

The problem there is they have been able to work through most of those. But when they see the Congress and the administration working on things like zero pay raises and 1.6 pay recommendations, they see constant threats to retirement, they see the medical system changing to the point where they are not clear where it is coming from, all of these put together just spell retention disaster, and you will hear that many, many times.

And I think although Mr. Dorn alluded to having to work long hours and they saw they were having a little bit of trouble retaining, they didn't seem to have it at the moment, but the time to address a retention problem is early on, not when it becomes a major problem where you lose those trained noncommissioned officers, those experienced members of the corps to civilian life. And the only way to do that is to start on the outside and start training a new group of cadres.

Mr. DORNAN. Work into your answer there this masking situation with the drawdown, because you heard Secretary Dorn say that in forming this defense ECI, was it Christopher John? I had heard him testify many times, and I couldn't understand why there wasn't more of a retention problem. Any one of you can address it. Why do you think there isn't more of an observable retention problem right now?

Sergeant Major OUELLETTE. Steve, I think you have a real good insight on that.

Colonel STROBRIDGE. Well, there are several reasons I think why we, "haven't had a retention problem." I think very honestly—well, we mentioned earlier that the Navy is, in fact, having a second-term retention problem now and that was the leading indicator back in the 1970's, and that is why that is such a cause for concern. The Navy spends so much time deployed that they are the ones, the first ones who get pressure from their families to say, hey, it is not worth it any more, you know, let's change our mind.

And I think it is important to think about these, to remember that these are second-term people. These are people who 4 years ago made a conscious decision to make the military a career. They are now changing their minds. That is what happens when second-term retention goes down, you have previously committed careerists and they are fully trained, fully capable, first and second line supervisors in the Navy petty officers who are now changing their mind and saying, it is just not worth it any more and I am going to leave before I get so much service in that I am locked in.

But, to address your fundamental question a little bit more directly, my background is in military compensation, that is what I did for 10 years on active duty. I think most of us who do those kinds of things are convinced that if we had not had the force drawdown, we would be having massive retention problems right now. It is as you said, that the country was so anxious to develop a peace dividend and cut spending on defense, that we reduced the defense budget so fast and pushed people out so fast that we actually took all of that and more.

Mr. DORNAN. Right.

Colonel STROBRIDGE. Whenever we have the exit bonuses that we have right now, people say, well, gee, how can you have a retention problem if have you to pay people to leave? Well, you are always after a marginal return, whether it is a bonus to leave or a bonus to stay. And you can ask any of the service force management people and they will readily tell you that whenever you do that, you pay what is called economic rent, you pay a lot of people who are going to leave anyway. And that is a very important thing I think to remember in this case.

There really are very striking similarities between what is happening now and what happened in the 1970's. We are coming out of a drawdown. In the 1970's, we had the post-Vietnam drawdown. We had a period of prolonged private sector doldrums, if you want to call it that, where jobs were not very good on the outside. It was tough. That is one reason we had to pay people to leave because they knew it was tough on the outside, that jobs were tight.

Now we are coming out of that. The economy is improving. That kind of circumstance isn't there any more. Those people back in the 1970's had gone through years of getting their pay capped, having multiple proposals to change their retirement, having their commissaries' subsidies threatened. All you have to do is read the papers now, read the Service Times publications, and you see that it is all there.

On top of that, we have had these past years all the drumbeat messages that we are downsizing. That is one of the reasons why recruiting is so tough. People don't think the military is a good place to be any more. Fathers are telling their sons that. That is a difficult message, and it is something that I think we have to be very concerned about from a readiness standpoint.

So the bottom line is I think this is extremely similar to the 1970's. We weren't smart enough back then to realize until a crisis was upon us that we had to do something about it. We are now—all the same environment is there, we have recognized it, we see the first leading indicator in retention; it really is time to do something about it.

Mr. DORNAN. You anticipated my next question about elaborating on how this environment is like the 1970's, and I know the staff and I completely agree with you on that.

What are the one or two issues that each of you, start with you, Bob, would be the top priority that you think this committee can help with?

Sergeant Major OUELLETTE. Mr. Chairman, I think in my area, at least as far as active duty concerns on those issues, the pay raise has to be the No. 1 issue. The law must be changed to provide Ac-

tive Forces the same pay raise enjoyed by average Americans. I think that is key. They have got to feel that they are competitive in that area.

I think the 2.4 raise has got to become a reality. I would hope that we could gain a full ECI, which would at least hold the line for a period of time.

The second priority I think has to do with the constant threats on the future retirement benefit. As Colonel Strobbridge has said, it is the No. 1 retention factor, the retirement benefit; and it has just come under constant attack year after year. I think the way to resolve that is basically send a message to Congress that we are going to take care of our retirement force with COLA equity. And that we are not only going to do it this year, we are going to do it in the out years.

Mr. DORNAN. Ms. Hickey.

Ms. HICKEY. I think there is no question that we have to do something about the housing allowances. We have got to make them fairer. The death spiral is already there. We have families who are living in hovels in order to save a little bit of money for food. Their rent is reported lower, and so the next family that comes in has to look at a VHA that is lower, so they go even into a worse housing condition. I think, Mr. Chairman, you can see where I am going with this.

Certainly in our own housing on the installations we have got to be a far better landlord. We have been a very irresponsible landlord and a very poor landlord. You can't tell somebody who has three teenage daughters in a four bedroom house that if you have two bathrooms and only one is still functioning, the other one being broken: We will fix it for you in 90 days. That person has not had two teenage daughters in their household, I can guarantee you. But the housing, something has to be done to make these housing allowances equitable. Then I would certainly support the quality of life initiatives.

I think in most respects, in addition to housing, that Mr. Perry is right on target on the things that are needed. And I would add that one thing outside this committee is the impact aid; the education of our children is extremely important. We have geographic bachelors, because education on the other end of the PCS is so poor that the family is willing to be separated. If it is that important, we have to do something about it.

Mr. DORNAN. Do you have any numbers on that?

Ms. HICKEY. No, sir, because nobody keeps those numbers. Because impact aid is not a DOD program, it has not been, shall we say, followed very well by the Department.

Mr. DORNAN. But they didn't think that was the person's option, that was his or her druthers to just—

Ms. HICKEY. That is right. Anecdotally, we had two new volunteers that came into our office today. One of them has a husband in Germany, one of them has a husband in Turkey. Both of them are on what would be a company tour, but opted to take—

Mr. DORNAN. Most Congressmen wouldn't notice that, Members, because we are now developing a bigger class of Congressmen, given the volatility around here, who choose to leave their families in their district, but it is a different situation when they are flying

home every weekend at taxpayer expense, to be with their families. And east of the Mississippi it is not even that long a flight.

Businessmen at some point in their life, businesswomen, will commute to New York because of a big promotion or something for a year or two. You know, this is all just by happenstance. But for the first time since World War II or shortly thereafter, we have no veterans in the House leadership on the Republican side, the majority leadership. We have three or—no, four of the five Chairmen, and Chairman Spence, who are veterans on the National Security Committee, which is good. But we—I again want to emphasize the importance of all of your groups, and that there are people who are open-minded here, but we have to be educated about this difference in civilian life.

One of the things they don't comprehend, and I was thinking about it when you talked about promotions, is there were very few career fields where people wear their GS rating, their promotion on their sleeve, literally their sleeve, or even more observable in a crowded room, on their shoulder or their collar. And it is noticeable who is passed over, who doesn't make it, who got a little ahead of cycle; and it is a very competitive life, and it has a management-labor division that is more acute than in some fields, and different loyalties that develop. It is just different, different, different; and I think we are very lucky that we have the force we have, given this century's roller coaster ride up and down and up and down after all five wars—wars called something else that we have lived through.

Could you give me, Steve, your one or two thoughts about where we could help?

Colonel STROBRIDGE. Yes, sir. Certainly I would agree with the priorities that Mike and Sydney outlined. I would add perhaps a couple more.

I think it really is going to be important to do something on the survivor benefits issue. DOD's report is coming over. I don't know what it will recommend, but I do think that there are some substantial improvements that need to be made in the program.

There are a couple of minor things that are very important, but they really don't cost much money, and I think it is really important to try to get some of those things in. One is the SBP benefits for all active duty that I mentioned. That is only \$700,000 for a year. Another one is to change the servicemen's group life insurance coverage issue, which I realize is usually a VA thing but it often appears in the Authorization Act as well. A simple change to make the default option the maximum. Right now the default option is \$100,000, and a member has to opt to elect \$200,000. We all know inertia is a very powerful thing, and what we need to do is make it \$200,000 and allow them to opt less and I think we will do a better job covering our survivors.

One of the things that we did not mention in our oral testimony, and I don't want you to think it was because we don't think it was important, is the commissary benefit. I think it is very important to avoid eroding that. That has a very powerful, it has a major psychic value, and an institutional value to the force. We have done studies that show in terms of the amount of savings for an E-4 family with a spouse and two children, the savings is about 6 per-

cent of that individual's annual compensation. That is a huge benefit, and we really gain——

Mr. DORNAN. Say that last statistic again.

Colonel STROBRIDGE. If you have an E-4 with a spouse and two children.

Mr. DORNAN. Right.

Colonel STROBRIDGE. The savings that the commissary generates on that family's food bill for a year is the equivalent of about 6 percent of that person's total pay and allowances.

Mr. DORNAN. Wow.

Colonel STROBRIDGE. And people talk about cutting—we could cut the commissary and give somebody an equal amount of cash. Nobody is going to give the force a 6-percent pay raise. That is a very powerful—DOD and the Government generate \$2 or \$3 in compensation and retention value in the commissary for every dollar we spend on a subsidy. People lose sight of that a lot of times, I think.

Mr. DORNAN. You know, I just became aware of a problem with a retired gentleman, a senior master sergeant from Michigan. I was not aware with the compromising of Wurtsmith Air Force Base that Michigan will not have a single military installation; and therefore, for retired people, no commissary privileges. And many have retired factoring that into their whole retirement situation and package. And he said is there something I can do, and he just came to me as one of the five subcommittee chairmen. And I said, well, I don't know how I can help you in Michigan, but this is shocking to me that there is not a single base left in a State of its population and size. I said, I can remember Selfridge was the first pursuit group in between the wars when that was about it for bi-plane fighters.

And I said what will you do, because I can't think of some way to help you. I said, will you move to Florida? He said, well, we have already had so many hundreds of families move to Florida and other places to be near a base, but now, those that move to MacDill are facing a situation where that is going to close. The whole thing is unstable; we don't know what to do or where to go.

So there is all sorts of pain and grief, but one of the first things that happens to freshmen Members of Congress when they have no military experience is to say, well, why do military people get these BX, PX, and commissary privileges, and there is always a run at it. But you are preaching to the converted here. I agree that it is a major factor in family life.

Are there any final thoughts?

I tell you what. We have gone longer than I thought, but I am going to be doing a radio show in a few moments with Dr. James Dobson, Focus on the Family. He reaches, I think he told me, 40,000 people one way or another by mail or radio every day, and he told me that they have a lot of military families that sign up across the country because if you are gung ho about your country, you are generally gung ho about your family. Faith, family, freedom is my motto. And I am going to mention that we had hearings that went over 2½ hours here today on quality of life in the military, and many military families out there are listening and they

may have more thoughts to add to our intake here today—any final thoughts?

Ms. HICKEY. Mr. Chairman, if I may, I would like to add to something Steve said and that you had asked about, the masking of the downsize, or the downsizing and retention. Something that was also true in the 1970's, but only just became true again last year and is getting worse this year, is that the families were also behind in inflation. You may sit around the table and bitch about people getting more on the outside, but the family sitting around the same kitchen table is going to know darn well how much it took them to get the kids ready for school last year and if it is costing them more money this year, they know that. So I think because we are now getting behind in inflation, we may see this go on with an amazing amount of rapidity.

Mr. DORNAN. Yes. The tighter your budget, the more you are aware of every inflationary nickel that you have been cost from one year to the next; and as Dr. Dorn was conceding to me, there are lots of factors that make up that pride of being part of the military family. And when you add the readiness problems, Haiti, Somalia, Afghanistan, Italy, and all of these factors together, and what military wives and families give up, one thing we don't have time to touch on today, but I would appreciate your sending me anything you have on it is the survivors' benefits, sometimes it takes one crash, one loss of life, to get it clear.

I was just reading the other day that the B-52 crash at Fairfield, which I must have seen seven times before the evening news and the talk shows got through showing us this huge eight-engine bomber wading over the ground and disappearing like it was going into water the way it grumbled into the ground, two of the senior officers' families get maximum survivor benefits while two of the other almost-senior officers' families get nothing. And I had not known that this could happen on the very same plane crash. So I have looked at all of the written testimony on that too. We will look at all of this carefully. We have as good a staff on this subcommittee as any on the Hill and we are going to really go over it carefully, your excellent testimony. Thank you very much.

Happy Saint Patrick's Day to all of you. This subcommittee is recessed.

[Whereupon, at 4:45 p.m., the subcommittee was recessed.]

[The prepared statement of Chief Master Sgt. James E. Lokovic follows:]



STATEMENT

BY

CHIEF MASTER SERGEANT JAMES E. LOKOVIC, USAF (RET.)

DIRECTOR, MILITARY AND GOVERNMENT RELATIONS

AIR FORCE SERGEANTS ASSOCIATION

BEFORE THE HOUSE NATIONAL SECURITY COMMITTEE

SUBCOMMITTEE ON MILITARY PERSONNEL

ON

QUALITY-OF-LIFE ISSUES

MARCH 16, 1995

AIR FORCE SERGEANTS ASSOCIATION

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Mr. Chairman and distinguished committee members, we appreciate this opportunity to express the concerns of the 160,000 members of the Air Force Sergeants Association. As you know, AFSA represents the millions of active, retired and veteran enlisted members (and families) of the Air Force, Air Force Reserve and Air National Guard. Having worked with many of the members of this committee over the years, we fully realize your commitment both to the readiness of our Armed Forces, and to the quality of their lives; these two elements are inseparable. During these brief comments, we want to cite a few quality-of-life issues of great importance to the enlisted members of the armed services.

In recent years, we have noted with alarm a noticeable downward trend in the area of military compensation. Increasing numbers of enlisted service members report greater difficulty and hardships for themselves and their families, leading to greater stress and weaker morale. Retention of quality people in the military has been affected. Whereas these young patriots have kept their promises in protecting our national institutions, they have seen a steady erosion of benefits. Those considering military service must now ask, "Can I continue to believe that our government will live up to its part of the bargain?"

During these important deliberations, we ask you to consider these areas of concern most cited by our members:

1. **Military Pay** -- Enlisted military members are most affected by the economy and feel the impact of below-inflation pay raises far more than their commissioned counterparts. It is estimated that military pay is now approximately 12.8 percent below comparable civilian levels. Pay raises are currently set by law at the full Employment Cost Index (ECI) minus a half of a percentage point. Consequently, the gap between the military and civilian sectors will continue to increase, and military members will be increasingly unable to keep pace with inflation when it comes to providing for their families.

Suggestion: We realize that entirely closing the gap mentioned above may be cost-prohibitive at this time. However, we urge the committee to support changing the legal formula for military pay to ensure pay raises that keep pace with inflation each year. Included in that change should be a break of the link between uniformed military pay and federal civil service pay. Particular priority should be on annual inflation-countering compensation for enlisted members.

2. **Housing** -- Military housing and housing allowances are two extremely important factors in the financial well-being of enlisted military members. The Basic Allowance for Quarters (BAQ), which is intended to provide support money to allow military families to live off-base, and the Variable Housing Allowance (VHA), which is designed to reflect the relative local costs of housing, are together supposed to represent

(more)

85 percent of the cost of off-base living. The BAQ, which is intended to represent 65 percent of that total, has not kept pace with inflation in recent years, and its true value is around 56 percent of the actual cost of living in civilian areas.

Suggestion: We ask that BAQ be restored to originally intended levels so that, together, BAQ and VHA will equal 85 percent of the cost of housing. We also ask that BAQ be based on actual housing costs, rather than linked to ECI-related pay increases.

3. Supplemental Food Allowances -- As noted in H.R. 7, The National Security Revitalization Act, "close to 17,000 junior enlisted personnel have to rely on food stamps and the Department of Defense will soon begin providing supplementary food benefits to an estimated 11,000 military personnel and dependents living overseas." As military pay fails to keep pace with inflation, enlisted families stationed at home and abroad require greater assistance to provide for the basic needs of their dependents.

Suggestion: Overriding this situation, of course, is the tragedy that our nation allows this situation to occur. Those who are prepared to put their lives on the line to defend our nation should not be paid so little that they qualify for such supplemental food programs. We urge the committee to support the full funding of support programs that guarantee military families a respectable subsistence.

4. Overseas Cost of Living: The volatility of overseas currency can have a dramatic impact on the value of enlisted compensation. While there are housing allowances available that provide some protection in high-cost areas, there is no similar protection in the area of pay. As a result, many enlisted families return to the United States, while the individual service member remains stationed in that area.

Suggestion: We ask that the committee explore ways to aid enlisted personnel stationed in areas with extraordinarily high costs of living. We urge that ways be found to compensate these enlisted members where it is needed.

5. Base Stores -- Because of the significantly lower compensation provided to enlisted members, relative to commissioned members, base exchange stores and commissaries are extremely important to the well-being of military members and their families.

Suggestion: We ask the members of this committee to work within the full committee for the continuing full support for the Army and Air Force Exchange Service stores. Further, we urge you to work for complete support for the commissary programs that are so important to enlisted members so that they continue to be adequately subsidized and recognized as an earned, lifelong benefit of military service.

(more)

Mr. Chairman, this association feels that each of these suggestions will improve the quality of the lives of our military members. While the details in these areas will require extensive discussion, we offer these thoughts as a starting point and to frame the concerns of enlisted Air Force, Air National Guard and Air Force Reserve members.

In closing, Mr. Chairman, the Air Force Sergeants Association appreciates your longtime commitment to military service members and certainly does not underestimate the critical importance of the issues you will examine. As always, AFSA stands ready to assist in any way to help you accomplish your important mission.

RESERVE COMPONENT ISSUES

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Thursday, March 23, 1995.

The subcommittee met, pursuant to call, at 2 p.m., in room 2118, Rayburn House Office Building, Hon. Robert K. Dornan (chairman of the subcommittee) presiding.

STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. Today, the Military Personnel Subcommittee turns its attention to three issues related to the Department's increasing reliance on the Reserve components.

This hearing is a natural follow-on to the two previous committee hearings. In the first hearing, we heard testimony regarding the severe stresses imposed on a significantly reduced active force as a result of the high peacetime OPTEMPO.

In the second hearing, we heard evidence regarding the Department of Defense' efforts to bolster the quality of life of servicemembers and their families so as to minimize the harmful effects on the force that we know from past experience come with an unmitigated high OPTEMPO.

Today's hearing, we trust, will have three objectives: to examine the content and implications of DOD initiatives designed to increase the participation by National Guard and Reserve units in peacetime operations.

No. 2, to examine the need for, and cost implications of, increasing Reserve components full-time manning above the levels contained in the fiscal year 1996 authorization budget request.

No. 3, we hope to examine the Army's plan for the reduction and reorganization of the command and control structure of the Army Reserve.

Whether this subcommittee realizes it or not, the first matter to be addressed in this hearing, increased reliance on the Reserve components to perform expanded roles in peacetime, is a significant change of course brought on by unforeseen world turbulence following the end of the very long, very bloody sometimes and very hot sometimes, so-called cold war and the deep cuts in defense spending.

Heretofore, the subcommittee traditionally has been deeply involved in ensuring that the Reserve components were adequately manned, structured, and resourced to meet this Nation's increasing reliance on them for wartime needs.

Now we have begun to turn our attention to ensuring that the Reserve components are resourced and manned to replace or substitute for Active-duty forces engaged in an expanding number of peacemaking and peacekeeping operations.

As one official of the Reserve Officers Association noted in a recent Army Times article, the Defense Department, "has used Reservists more since the end of the cold war than they did during it. It is a major seat change in culture for the Reserve components."

Such a major seat change raises significant questions with regard to the impact that increased peacetime reliance has on the recruiting and retention of reservists, their quality of life, the quality of life for their families, the willingness of employees to continue to support them, and the ability of reservists to train adequately for their wartime missions.

Before I introduce our first panel of witnesses, Mr. Pickett, do you wish to make an opening statement, sir?

STATEMENT OF HON. OWEN PICKETT, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

Mr. PICKETT. Yes. Thank you, Mr. Chairman.

I join you in welcoming our witnesses here today. Less than 2 weeks ago this subcommittee heard testimony that certain elements of our full-time Active-duty force were being stressed beyond advisable limits by current operational requirements.

It was sobering testimony. I say "sobering" because I think too many people, during recent years, have taken for granted the extraordinary effort required of our military forces and personnel to achieve those repeated operational successes under some of the most difficult conditions that can be imagined.

To his credit, the Secretary of Defense has initiated a range of quality of life measures designed to head off or limit some of the predictable ill effects that occur when our volunteer forces are over committed and under resourced.

These initiatives were an implicit admission that the strength, health, and endurance of our Active-duty forces are finite and that as a nation we must take extraordinary efforts to preserve the high quality and exceptional capability of that force.

As we look to the Reserve components as a force that can increasingly substitute for or replace Active-duty units in the performance of peacetime missions, we must remind ourselves that the men and women of the Reserve components, as splendid and as eager as they are to become involved in peacetime missions, also have limits.

As a subcommittee and as a nation, we do not yet know what those limits of endurance are. I would caution that as we look to expand the role of the Reserve components in peacetime operations, we concurrently strive to minimize the stresses on Reserve personnel, their families, and employers, which are inevitable results of repeated calls to extended Active duty.

I look forward to the testimony of our witnesses today to help us in this regard, Mr. Chairman.

Mr. DORNAN. Thank you. I would like to tell this distinguished panel, because it is as large a panel as I have ever seen testify at

anything in this room, although Mrs. Lee will be taking the lead. She sure has a terrific backup team.

Sometimes in life, and it is a little self-serving for me to say this, the person with the right experience ends up in the right job. I had 4 years of high school ROTC. I ended up as one of the four highest ranking in my senior year in high school ROTC.

I had 3 years of college ROTC. I thought I would miss the Korean war and left college at 19 to become an enlisted man so I could test for pilot training. That worked out within 6 weeks. There were so many gung-ho people trying to do something beyond the draft, that I had to wait for 6 months as an airman third, airman second class, and what they call a precadette.

Then I went through my 2 years of enlisted status, because that is what an aviation cadette is. Then I had 3 years of Active duty. Then I went into the National Guard and flew F-86H's with the California Guard. Then I went into the Air Force Reserve and flew HU-16 Albatross rescue sea planes.

Then I went into the Ready Reserve. Then I went into the Standby Reserve. Then I went into the Retired Reserve. If I could have done it in all of the services, I would have had the right mix. At least I did everything from scratch in all of the components.

I will say that I was the best pilot, the most useful, the best combat ready when I was flying in the Guard and in the Reserve because I was older and had accumulated more time and flew from Van Nuys up to use the very same gunnery range as a Cutty Back that I had used when I was an active duty F-100 pilot at George Air Force Base.

The Reserves are fantastic. I love flying with that minuteman emblem on the tail because that is the militia background of this country. So, here we go. Let's get smart. Let's make sure we do this right in a very tough time with diminishing dollars.

Our first panel today will provide us the DOD perspectives on the plan for an impact of growing reliance on the Reserve components for peacetime missions. The principal witness is the Honorable Deborah R. Lee, Assistant Secretary of Defense for Reserve Affairs.

As I said, Secretary Lee is accompanied by a first rate team, Lt. Gen. Edward D. Baca, Chief, National Guard Bureau. We have had the pleasure of visiting. Maj. Gen. John R. D'Araujo, Jr., Director, Army National Guard; Maj. Gen. Donald W. Shepperd, Director, Air National Guard; Maj. Gen. Max Baratz, Chief, Army Reserve; Rear Adm. Thomas F. Hall, Director, Naval Reserve; Maj. Gen. Robert A. McIntosh, Chief, Air Force Reserve. We have had a good visit also. Brig. Gen. Ron Richard, Director of Reserve Affairs, U.S. Marine Corps. The truth is I tried to join the Marine Corps first, but they wouldn't come below 20 years of age. So, the Air Force got me. Rear Adm. Richard M. Larrabee III, Chief, Office of Readiness and Reserve (G-R), U.S. Coast Guard Reserve.

Secretary Lee, again, I would like to welcome you back to your former home. As several members of this subcommittee already know, Secretary Lee in previous excellent service was a professional staff member of this very Military Personnel Subcommittee.

Secretary Lee, you may proceed.

STATEMENT OF HON. DEBORAH R. LEE, ASSISTANT SECRETARY FOR RESERVE AFFAIRS, DEPARTMENT OF DEFENSE; ACCOMPANIED BY LT. GEN. EDWARD D. BACA, CHIEF, NATIONAL GUARD BUREAU; MAJ. GEN. JOHN R. D'ARGUJO, JR., DIRECTOR, ARMY NATIONAL GUARD; MAJ. GEN. DONALD W. SHEPPERD, DIRECTOR, AIR NATIONAL GUARD; MAJ. GEN. MAX BARATZ, CHIEF, ARMY RESERVE; REAR ADM. THOMAS F. HALL, DIRECTOR, NAVAL RESERVE; MAJ. GEN. ROBERT A. MCINTOSH, CHIEF, AIR FORCE RESERVE; BRIG. GEN. RON RICHARD, DIRECTOR OF RESERVE AFFAIRS, U.S. MARINE CORPS; AND REAR ADM. RICHARD M. LARRABEE III, CHIEF, OFFICE OF READINESS AND RESERVE (G-R), COAST GUARD RESERVE.

Mrs. LEE. Thank you, Mr. Chairman and members of this subcommittee. It certainly is a pleasure for me, as you say, to come home and to be able to talk to you this afternoon about some of the very important contributions that our Reserve components are making to our Nation.

If I might just begin by telling you on a personal level that I am very upbeat about the future. We have now come through about two-thirds of one of the most complex and the largest military downsizing and restructuring efforts in modern history.

Unlike some of our previous downsizing efforts after World War II and so on, this time around we feel that it has been done right. For those who are leaving the force, who have left the force, and who will still leave the force, we are paying transition benefits to them. We are making every effort to treat them fairly.

For the force that remains, we are putting a great deal of effort in continuing to attract and retain the right number and the right quality of people that we will need for the future. I would also tell you that in general terms, recruiting and retention are in good shape. This is, of course, something that we continue to monitor. We monitor it daily.

We have been beneficiaries, I will tell you, of the Active-duty drawdown in that we have gotten a lot of good experienced people into our ranks. We have tried to maximize those prior service individuals to the fullest extent possible.

We, like everyone else though, are working harder and harder for those nonprior service people. So that's a challenge for us. We will keep that up. We, like all others, are impacted to a certain degree by BRAC. That does have certain retention effects.

In general terms, our recruiting and retention are in good shape. For the Reserve forces, I see a particularly bright future. The Bottom-Up Review did say that we could and should rely more on the Reserves. This vote of confidence in the Reserve components has helped to generate closer partnerships between Active, Guard, and Reserve.

It also has meant fewer personnel cuts on the Reserve side than otherwise would have been the case. Many of you will recall from last year we talked a great deal about the historic Army National Guard and Reserve and restructuring plan, which is also sometimes called the Off-Site Plan.

To give you a brief update, we are on track with that. We feel it is working well. Indeed the Army, DOD and all of the other par-

ties who participated and endorsed it at that time, remain fully committed.

Before taking your specific questions, what I would like to do is briefly share with you the four main goals that we have laid out for the National Guard and Reserve and then try to relate how those goals translate into specific programs and issues for this budget and particular interest to this subcommittee.

Goal No. 1, Mr. Chairman as you pointed out, is to maximize the Reserve component contribution to the total force, not only in the traditional wartime sense, but also during peacetime.

Increasingly, we are looking to mission-ready Reserve forces to help us compensate for the fact that in the post-cold-war world we do have a smaller Active-duty force. The Reserve components are in demand like they have never been before.

I believe if we coordinate our plans properly, and the key to this is in the proper management of the programs, participation by Reservists and growing numbers of operational missions can be a double win for both the Active forces and for the Reserve and National Guard.

It can help solve a problem on the Active-duty side by helping to bring down PERSTEMPO, as you pointed out, and also by helping to accomplish missions that otherwise might go unaccomplished. It can also offer real world and challenging training assignments for increased numbers of Reservists.

Secretary Perry has directed a new initiative in this regard. As many of you know, we have been doing a certain amount of peacetime support for a number of years; for example, on the Southern Command. There are other instances, the Air National Guard and Reserve also has been doing this for years.

We do have a new initiative, however, which we hope will facilitate even more of this for the future. In fact, the 1996 and the 1997 budgets have a modest amount of money; about \$25 million per year set aside to help pay the incremental costs.

By incremental costs I mean some additional man days and some transportation costs so that we can get more Reservists to where the work needs to be done. Work which is consistent with their training in support of the CINC's.

We will also be coming to you soon and asking for support for a reprogramming for fiscal year 1995 because we would like to jump start this program this summer, if at all possible. Again, I would stress to you that management here is the key.

Going back to the same people and the same units over and over again is not the goal, but rather spreading the work in a sensible fashion is the goal. Providing people with adequate advanced notice so that they can seek the time from their employers; having adequate levels of full-time support and having our equipment in sync are all part of this management equation.

Goal No. 2 is to promote the mission readiness and the accessibility of the National Guard and Reserve. I will tell you at the outset, in my judgment, Guard and Reserve readiness programs are properly resourced in the 1996 budget.

Reserve component training and OPTEMPO are structured to what we call the mission readiness concept. By that I mean we have front loaded and heavily resourced our early deploying units.

This is because they obviously need to be ready to go, perhaps on a moment's notice in the very early days of a conflict.

Later deploying units which have time built into the schedule to train-up and whose airlift is not available for months into the future are resourced at lesser levels. This is a change from the past and may require some adjustment for those units that are not funded at those top levels. We do feel it makes sense for the late deployers because they do have time to get ready. There is time before the airlift is available.

We have funded important parts of the title XI requirement which you will recall originated from this subcommittee, which is designed primarily to improve the readiness of the Army Guard and Reserve forces, particularly the Army Guard. We have training enhancements for any of the enhanced readiness brigades, which was a part of the Bottom-Up Review.

That program, too, we feel is on track. I am confident that these brigades will be ready in the time between now and fiscal year 1999 in the 90 days of post-mobilization that they have been allocated. A matter of concern, I will tell you is, and again relating to readiness, is the military technician reductions that are included in the 1996 budget.

Let me give you an update on that since the budget was submitted. Secretary Perry is aware and has talked about the readiness implications of these reductions, that these reductions are likely to create. He has, since the budget was submitted, asked me to develop some options for his consideration which would perhaps give a waiver for the technician force.

I am also exploring way to redefine military technicians as a separate and unique category of civilian manpower which would, I hope if we are successful, protect them from being automatically included in these sorts of personnel reductions in the future.

I would also note, again, in general terms that full-time support in the other categories is adequate to get by at this time. We do have requirements on the books I will tell you that are unmet in the full-time support arena.

I will also, just in recollecting back to my service on the committee, if I recall correctly, when we were spending many, many more dollars for defense at the height of the cold war, we similarly had requirements on the books for full-time support that were unmet. We continue to have some of those. We do think that what we do have in the budget is adequate at this time.

On accessibility, we believe that our forces are accessible for three reasons.

First, we have volunteerism at an all-time high.

Second, the President has demonstrated his willingness to use the involuntary call-up when we need it. Of course, we did this in Haiti. We also have streamlined procedures to get a decision more quickly.

Third, this committee of course was instrumental in approving an extension of 270 days for the period of call-up. We do thank you for that. You may recall we asked for a 25,000 call-up authority last year. We will not renew our request for that this year.

The third goal is to improve quality of life for reservists. Again, I know this committee has heard a great deal about Active duty

quality of life. I would like to tell you a little bit about Reserve component quality of life at this point.

Our 1996 budget includes funding for a number of ongoing programs, for quality of life such as our portion of the military pay raise, transition benefits, the Montgomery GI bill and the like. As I look at quality of life concerns, there are four pillars of Reserve component quality of life that I look at very close.

The first is employer support. All of our reservists are part-time, most of our reservists are part-time military and full-time something else.

We have had some important updates in the law to protect our people from discrimination and allow them to go back to their civilian jobs after service. In addition to that, we are in the near future going to propose a system of tax credits for employer support to the 104th Congress. We are trying to take the aggressive approach on employer support.

Family support is the second pillar. I am pleased to report to you all that within the last several months, we have issued the first ever DOD guidance on Reserve component family readiness, which establishes command responsibility for a single point of contact at the unit level for inquiries from employers, reservists and their families.

The third pillar is protection from economic loss. Here again we have a new initiative in the final stages of coordination. I am hoping that in this Congress we will be successful in getting approval for a proposal of mobilization insurance.

If enacted, it would give reservists an optional insurance policy for which they would pay and they would be allowed to purchase anywhere from \$1,000 to \$5,000 of additional income protection per month of a callup when they are in fact called up by the President. This would be at no cost to the Government because reservists who would join would in effect pay for the policy.

The fourth and final pillar is what I would call the quality of participation. By this I mean that as I travel in the field and as I talk to reservists, I hear frequently that there are nontraining administrative type burdens that units and individuals bear as part of their assignments.

To the extent they have these assignments, they are not as able to get down to the business of training as easily. Over the course of the next year, I will be working hard, particularly with my senior enlisted advisors to try to get at what these burdens are and reduce them to the fullest extent that we can.

My last goal that I would like to tell you about today is to leverage the Reserve components' military capability and readiness training so that we can continue to be partners with civilian communities through what we call our civil military efforts.

The goal of civil military cooperation is to apply military resources. By that, I mean our people, our facilities, in some cases our know-how, and our equipment to help meet critical domestic needs and to do so in ways that protect and even strengthen military readiness.

This last point about the importance of military readiness is the No. 1 point. I would tell you the other thing that we seek to

achieve through civil military cooperation is very hands-on opportunities for our people to test and hone their skills.

You may recall that this committee along with the Senate Armed Services Committee authored the two laws which set up these pilot programs in the 1993 authorization bill. We are testing the concepts with a full faith effort.

The initial reports are good, but we have yet to do the full-blown assessments. I look forward to coming back and reporting to this committee on those complete assessments when they are done.

Mr. Chairman, the Guard and Reserve forces are central partners in the post-cold war military strategy. We have tried to show that we are willing to put our energies, and our policies, and our money where our mouth is.

The President's 1996 budget allows us to prepare the National Guard and Reserve, as I said earlier, to be mission ready; able to perform their mission when we need them. To sum up, the top job that each of us has is to do our part to help fight and win in the case of two nearly simultaneous conflicts if we should ever come to that point.

I believe that the Reserve components are ready to do that. We are also ready to do our other jobs which include when we are asked to do so, support for peace and humanitarian operations, providing the country with strategic insurance in the event world conditions might one day change. Also, protecting Americans when civil or natural disasters strike here at home.

Having said that, we will need to manage our dollars and our programs carefully. We will need to streamline whenever possible. We will have to be creative as policymakers and as commanders. We will have to use each dollar smartly; getting double benefits for those dollars wherever possible.

This is because our budgets like all other budgets at this point are tight. I am confident that, as you point out, this very excellent team to my left and to my right is up to that challenge and will meet that challenge. I will be working hard to support them as will the military services.

In sum, we think we represent for the country what we call compensating leverage, using our Reserves to help keep our defense costs at an appropriate level and to also help minimize the impact of a smaller Active duty force.

This concludes my presentation, Mr. Chairman. We look forward to fielding your questions. Thank you.

[The prepared statement of Hon. Deborah R. Lee follows:]

STATEMENT OF THE
ASSISTANT SECRETARY OF DEFENSE
FOR RESERVE AFFAIRS

THE HONORABLE DEBORAH R. LEE

BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE
OF THE
HOUSE NATIONAL SECURITY COMMITTEE
MARCH 23, 1995

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OF THE HOUSE NATIONAL SECURITY COMMITTEE

A. INTRODUCTION

Good morning Mr. Chairman and members of the Committee. Thank you for the invitation to testify today. I have represented the men and women of our military Reserve components for the last two years as the Assistant Secretary of Defense for Reserve Affairs. This committee has been very supportive of our Guard and Reserve and, on their behalf, I thank you for all your help in strengthening our Reserve components. The Secretary and I appreciate it, and our military personnel are grateful. Thank you.

During my first two years, I have been out in the field a lot—to see the men and women in our Guard and Reserve. I have spent time with them as they have performed their duties, and listened carefully to their comments both individually and in “town meetings”.

As the Reserve components increase as a percentage of the Total Force, it becomes even more important that our Reserve components (RCs), as part of the Total Military Force, remain the best trained and most effective in the world, both today and in the future. Allow me to briefly refresh your memory today on how we have arrived at where we are now, and then to give you some idea of where I plan to place much of my energy this year to make our Guard and Reserve even better.

The Assistant Secretary of Defense for Reserve Affairs (ASD/RA)—as stated in Title 10 USC—is responsible for the overall supervision of all reserve component affairs in the Department of Defense. This responsibility is important because our Reservists perform vital national security functions, and are closely interlocked with nearly every community in America.

As Secretary Perry has said, "...our Total Force policy assigns a number of key missions completely or largely to the Reserves, which means that anytime we're conducting a significant operation, we will be going to the Reserves to round out our forces". Through a strategy we call "compensating leverage", we look for smart, mission effective ways to use units in the Guard and Reserve to control peacetime costs, and to minimize the risks associated with the active drawdown--and to resource them so that they are ready to accomplish their mission.

The Department of Defense has fully funded training for the RCs to meet the requirements of the National Military Strategy. With declining resources, we have tried to apply smart business logic to the process of readiness funding. This means we make sure that units needed at the outset are organized, trained, and resourced to be ready first; and the follow-on units are resourced to be ready when they would be deployed. Thus, we are providing the necessary level of readiness to all deployers by using the combination of peacetime resourcing and available post-mobilization time to meet readiness and mission requirements.

I would like to share with you my goals for the National Guard and Reserve. Then I will explain how these goals play in the President's FY 1996 Budget, and describe some of the initiatives we have underway to achieve them.

Goal Number 1. I want to maximize the Reserve component's contribution to the Total Force in peace and war.

Goal Number 2. I want to promote the Mission Readiness and accessibility of the National Guard and Reserve to support the National Military Strategy. Simply put--there will be no hollow force on either the active or reserve component side, and I'd like to see historical concerns about whether we can or cannot rely on access to Reserves become just that--history.

Goal Number 3. I want to improve the quality of life for Reservists--for there are many elements to readiness, but none so important as attracting and retaining top notch people.

Goal Number 4. I want to leverage the Reserves' military capabilities and readiness training so that we can continue to be partners with civilian communities and institutionalize our Civil-Military efforts.

B. MAXIMIZE THE CONTRIBUTION OF THE RESERVE COMPONENTS TO THE TOTAL FORCE

We are working to achieve maximum contributions by our Guard and Reserve to the Total Force in peace and war. Our overall strategy is based in the results of the Bottom-up Review (BUR), the purpose of which was to determine how to deal with the threats to the post-Cold War world. The BUR strategy called for increased use of the Guard and Reserve, and in a period of declining resources, this requires that we maximize the contribution of the Reserve components to the Total Force in peace and war.

1. Support for the CINCs

We are working hard this year to increase CINC employment of Reserve components to help reduce Active PERSTEMPO, and provide real-world training to more Guard and Reserve personnel.

I believe we can provide more realistic training opportunities for our citizen soldiers coincident with their training requirements, and at the same time help reduce PERSTEMPO in the Active forces. For example, the Guard and Reserve are helping in a number of operational missions that don't grab the headlines. These include RetroEur, where excess equipment is being prepared for return from Europe to military bases in the United States; and a mission named "Coronet Oak" in Latin America where the Air Guard and Reserve provide training support, embassy resupply, search and rescue, and counter drug operations.

In many ways, increased participation in operational missions is a follow-on and an institutionalization of what has been happening in several Reserve components in recent years. The Air Force and the Coast Guard, have led the way in this area, and the Naval Reserve's Contributory Support Program is another good case in point. But there's more we can do and Secretary Perry is asking that we in fact do more. Besides additional operational and exercise support to the Services and the CINCs, the Guard and Reserve are providing additional support for traditional CINC Programs.

I believe we need to shift from the Cold War stance of reserves training for the sake of training with an occasional operational mission as a by-product--to the post-cold war stance of reserves doing more operational missions with training as a by-product. As

we move further in this direction, there are three elements we need to be sure to address. First, we are working with the Joint Staff and the CINCs to determine the requirements and develop operational plans. The CINCs, after all, are the customers and they know what is needed in their areas of responsibility.

Second, if we access Reserves during their scheduled training periods, we will get double value for our money—a training value and an operational mission value. By adding additional days through unit and individual volunteer efforts—we can meet requirements for overseas peacetime operations of thirty days and beyond. We are working hard to increase peacetime use of the Guard and Reserve in FY 1995 and beyond.

Third, as we move forward, we will need some flexibility in implementation. Some of our regulations don't lend themselves to this strategy, so we need to review the rules to see where we might give the Services additional latitude in such areas as: Reserve priority for opportune airlift.

By maximizing the contribution of our Guard and Reserve to the Total Force in peacetime, we can help reduce Active PERSTEMPO, more effectively use scarce defense resources, and provide excellent training for the Reserve components. However, we must do more to spur these efforts forward. We must promote mission readiness and accessibility.

C. PROMOTE MISSION READINESS AND ACCESSIBILITY

1. Mission readiness concept

We continue to focus on readiness, and as addressed below, we are providing resources in support of the Department's readiness goals. The BUR sized the Reserve components for three missions--the two nearly simultaneous MRCs; the requirements to meet our nation's domestic missions; and strategic insurance. All three of these needs are formally recognized in sizing the Total Force. But because timelines for employment vary, readiness levels can be different. What matters most is--Are the units ready to perform their missions at the time they would most likely be called upon to do so?

Readiness does not mean that all forces should be, or can be equally ready, on the first day of the conflict. By resourcing our first-to-fight units ahead of strategic insurance units, we are employing a concept we call "Mission Readiness". This approach allows for the time differential in managing Reserve unit call-up. By doing this, we apply resources to maintain readiness based on mobilization requirements and timing. We resource the early deployers to make them ready to go early in the conflict. Since history has shown that war can be so unpredictably filled with uncertainty, and that overseas tensions can elevate risk at home, we must maintain forces, albeit in a reduced readiness state, to provide a level of trained back-up support--strategic insurance as a hedge against unforeseen turns of events.

As part of mission readiness, we are working on a number of programs targeted at improving personnel readiness. The following section considers personnel readiness.

2. Accessibility

While the most recent Persian Gulf situation seems to have been diffused without the need for an involuntary call-up, the operation in Haiti clearly has been a good news story for accessibility—both voluntary and involuntary—of the Reserve components. All of the Reserve components have been involved—and in Phase I, the Army has had a 97% success rate for volunteers, although they subsequently chose to put most units and individuals under the involuntary authority exercised by the President. The Department greatly appreciates your assistance in providing greater access to the Guard and Reserve by allowing the 270 day call-up option. We are working internally to optimize and streamline the procedures to implement this policy.

3. Reserve Component Personnel Readiness

Reserve Component End Strengths. The BUR determined the requirements for the RCs, and personnel strengths are directly related to those requirements. The drawdown of the Reserve Forces to the BUR levels is now about two-thirds complete. By FY 1998, the Selected Reserve will comprise nearly 40 percent of the Total Force, higher than during the Cold War.

Table 1 below shows Selected Reserve end strengths at the end of the Cold War (in FY 1989), the latest actual end year strengths for FY 1994, and the projected strengths in the FY 1996 budget.

TABLE 1

	<u>FY 1989 (Actual)</u>	<u>FY 1994 (Actual)</u>	<u>FY 1996 (Budget)</u>
Army National Guard	456,960	396,928	373,000
Army Reserve	319,244	259,856	230,000
Naval Reserve	151,505	107,627	98,608
Marine Corps Reserve	43,576	40,711	42,000
Air National Guard	116,061	113,587	109,458
Air Force Reserve	83,214	79,621	73,969
Coast Guard Reserve	<u>12,042</u>	<u>7,147</u>	<u>8,000</u>
Total	1,182,602	1,005,477	935,035

Related to people readiness are our efforts to reduce the turbulence associated with reductions. By the end of FY 1996, most of our planned reductions will be completed. To get there, we must treat our people fairly by providing relevant billets for them to transition into whenever possible, or by providing appropriate transition benefits for those forced out of service due to force structure cutbacks. The Department continues to use the full range of Guard and Reserve transition initiatives to ensure fair treatment for involuntarily separated Selected Reservists. To maintain our end strength, we must sustain our recruiting efforts, as discussed next.

Reserve Component Recruiting and Retention. The decrease in the strength of the Reserve forces resulting from the drawdown has enabled us to reduce accessions for the Selected Reserve from an average of more than 250,000 per year during the period from FY 1985 through FY 1989 to about 170,000 in FY 1994. In order to minimize training requirements and capture active component experience during the force drawdown period, we have emphasized the recruitment of qualified prior service personnel. Two-thirds of FY 1994 accessions were prior service personnel, which continues to be a higher proportion than during the late 1980s. Non prior service accessions averaged just under 100,000 per year in the late 1980s and have now stabilized at about 60,000. One objective of Reserve transition policy has been to use the drawdown to encourage high quality personnel with the needed skills who are leaving the active force to affiliate with Reserve units. The need to match skills and grades at the unit level in specific geographic areas continues to make Reserve component recruiting a challenge.

The quality of enlisted accessions remains high. In FY 1994, 92 percent of our non prior service gains were high school diploma graduates, and 69 percent scored in the upper mental categories on the Armed Forces Qualification Test. We have consistently maintained this high quality level in non prior service recruiting since FY 1992. Essential to our continued success, however, are our incentive programs, such as targeted bonuses and the Montgomery G.I. Bill.

Reserve component retention has remained stable after a slight decline that followed the Persian Gulf Conflict. Continuation rates for first term enlisted members have held steady since the beginning of FY 1992 at slightly above 84 percent. Despite the

drawdown, the overall attrition rate for the Department declined somewhat between FY 1993 and FY 1994, and the 67,377 Reservists who left military service during FY 1994 was the lowest number since FY 1991.

Full Time Support. The readiness and capabilities of Reserve Forces depend on the number and quality of full-time military and civilian personnel assigned in support of National Guard and Reserve units. Full-time personnel provide skills, stability, continuity, and availability that cannot be reasonably obtained by the use of part-time drilling Reservists. Effective management of this force has become increasingly important and is a priority for the Department. Full-time support remains the single most important contributor to Reserve unit readiness. As reliance on the Reserve Components increases, the full-time support force becomes even more critical.

The full-time support force increased by more than 50 percent from 1980 through 1991. The increase in full-time support was directly related to the unprecedented growth experienced by the Selected Reserve during this same period, and the changing role of Reserve forces which led to increased capability and increased mission responsibilities. With the downsizing of the Reserve components, levels of full-time support are also decreasing although to a lesser extent than Selected Reserve strengths. Full-time support levels in FY 1997 are projected to be 14 percent lower than the peak strengths in FY 1991. However, in relation to Selected Reserve end strength, the percent of full-time support will actually increase slightly between FY 1994 and FY 1997.

All four categories of full-time support--Active Guard and Reserve (AGR) personnel, military technicians, and active component and civil service personnel in support of the Reserves--are declining. However, providing sufficient full-time support to Selected Reserve units remains the number one priority of the full-time support program. The Department will continue to assess any potential readiness impact of reductions in full-time support along with the need to readdress reductions in specific categories, such as the military technicians, if readiness impacts are determined to be particularly adverse. We believe that the congressional language in the DoD Appropriations Act for Fiscal Year 1995--to reduce military technicians only as a direct result of reductions in military force structure--provides adequate flexibility for managing technician force levels.

Medical Readiness. A great deal of resources have been expended since 1987 to increase the size and shape of the Reserve medical force. The results of those efforts were recognized during Operation Desert Storm. A highly qualified and capable force was called to active duty to support our military health needs within the Theater of Operations, the United States and other overseas locations. Since Desert Storm, the size and shape of the medical forces, to include the Reserves, has undergone close scrutiny through the Section 733 study of the military healthcare system to include wartime requirements and the Commission of Roles and Mission Medical Assessment. The Reserve medical forces have been undergoing a great deal of change, not only from force structure modifications -- such as the Army's Medical Force 2000 and the Army National

Guard and Army Reserve Offsite Agreement -- but also changes in mission. These mission changes include increased contributory support and CONUS backfill.

Our ability to recruit, train and retain a quality medical force is being challenged amidst this turbulence. The strategies developed in the late 1980's may not be the right ones for today. Methods to improve and document 'medical readiness' training are aggressively being worked by DoD, the Services and the Joint Staff. Simultaneously, Health Affairs and Reserve Affairs are working with the Service's medical recruiting and retention representatives to ensure that adequate tools are available. Specific adjustments to the Health Professions Stipend Program and the Selected Reserve Bonus Test Program are being planned. A shortage of oral surgeons in the Selected Reserve may necessitate including critical dental specialties in the health care stipend authorities. At the request of the Reserve Chiefs, I recently submitted modifications to the list of Reserve Component Wartime Health Care Specialties with Critical Shortages and the Selected Reserve Bonus Test Program. These changes will allow each Reserve medical component to focus its funding and efforts toward their specific wartime needs. We will continue to focus on the trends initiated in the late 1980's and on maintaining the objective of a capable, responsive Reserve medical force.

4. Reserve Component Equipment and Facility Readiness

RC Equipment Strategy. I have defined a long-term strategy to ensure that the RCs have modern, compatible equipment so that they are able to do their job side-by-side with the Active component.

One cornerstone of the strategy is the prompt redistribution of equipment from the drawdown of Active forces to RC units whenever practicable. Redistribution is an important management tool which the Services have implemented to improve RC equipment readiness and compatibility with the Active component. Other smart management practices being used to make good use of available equipment include cross-leveling of equipment, modification programs and service life extension programs. Efforts such as these are designed to improve RC equipment readiness at the lowest possible cost.

In addition, I am working with a diverse group of experts from the RC, the Services, and the think tanks to explore other opportunities to provide RC soldiers with the right kind of equipment. I am committed to getting the right equipment delivered to the Guard and the Reserves -- on time. Consistent with this commitment, I established RC Equipment Execution Reviews semi-annually to review progress on the execution of plans to provide redistributed and new equipment to the RC.

A key component of the equipping strategy is for the Services to program and budget for new equipment to fill RC equipment readiness shortfalls -- but only when redistribution and other smart management practices cannot do the job. The FY 1996

budget reflects the Services' plans to buy new equipment and modification upgrades for the RC.

This equipment will help reduce RC equipment shortfalls in the most critical areas -- combat support and combat service support (CS/CSS) types of equipment. Categories of CS/CSS equipment which cannot be redistributed/cascaded in sufficient quantities to correct equipment readiness shortfalls include: communications gear; night vision goggles; trucks, small boats, trailers, cranes, and tractors; power supply equipment, nuclear, biological and chemical protective equipment; as well as engineering and construction equipment.

We have made progress in the development and use of analytical processes to assess RC equipment readiness. Our analyses indicate that the overall RC equipment posture is gradually improving and will continue to improve slowly over time. A noteworthy area of success is the modernization of RC combat equipment.

Investment in Reserve Component Military Construction. Providing the training, maintenance and beddown facilities that enhance Reserve unit readiness is at the heart of our investment strategy. RC infrastructure continues to be affected by many factors -- downsizing of the Reserve force; consolidations within components and realignment among components; leasing buyout programs; BRAC-created reserve enclaves and reserve bases; and our requested MILCON program. These factors have caused the Military Construction (MILCON) backlog to decrease steadily from \$9 billion in 1990 to \$7.3 billion at the end of FY 94.

Real Property Maintenance. Our Real Property Maintenance Activity (RPMA) is a vital element of our facility support for the Reserve components. Declining resources and the continuing increasing average age of our facilities (and hence, increasing operation and maintenance costs) is placing considerable strain on our O&M funds.

The Reserve components Backlog of Maintenance and Repair (BMAR) has grown steadily each year, and is currently over \$1.2 billion. We have funded those RPMA requirements that are critical to the readiness of the Reserve components, and we are committed, as with the MILCON program, to funding those requirements driven by urgent situations, health and safety, and environmental laws and regulations.

Environmental. Environmental legislation and issues are impacting the RCs as they are the ACs and private industry. To date, we have identified 3,704 sites that need cleanup at a cost of \$1.3 billion and are working towards full compliance in ten years. We have budgeted \$125 million in FY 95 to manage this problem. Additionally, the RCs have one of the best and most comprehensive environmental training and awareness programs. All known underground storage tanks are programmed for replacement, mediation work is programmed, noise pollution and air pollution are being worked and clean up is being addressed where solutions are known and understood. The program is ambitious, costly and mirrors those of the ACs.

5. Training Readiness

Enhanced Readiness Brigades (ERBs) and Contingency Force Package (CFP) Units. The BUR called for the development and resourcing of 15 separable Army National Guard combat brigades with readiness enhancements by FY 1999. Their role is to augment, reinforce, or backfill active forces. They provide the nation with a strategic insurance against an adverse MRC in a two MRC scenario. They will be able to deploy within 90 days of mobilization. The readiness enhancement initiatives for the ERBs are either on track or well ahead of schedule. These include priority for personnel and equipment fill, training seats, and rotations at the Combat Training Centers.

The CFP includes both USAR and ARNG CS and CSS units needed early on to support major contingency operations. Some will be called upon very early, in order to deploy and support both the active combat forces and the theater logistics. Units designated as part of the CFP enjoy priority for resourcing, training, and active component associations.

Title XI Initiatives. The Army is well on its way toward full implementation of the provisions of the Army National Guard Combat Reform Act (Title XI). Recognizing the benefits of Title XI, the Army applies appropriate sections to the Army Reserve as well. Thus, when prioritization is necessary, early deployers receive equal treatment, regardless of component. Several initiatives are complete or on a path to maturity. These include training associations with active component counterpart units, the non-deployable

personnel account, readiness reporting changes, systems and equipment compatibility, inspections, and increased use of simulations. The mandated addition of 5,000 AC soldiers to support RC training is 60% complete this year, and will be fully accomplished by FY 1997. Many will serve as resident full-time advisors in high priority units. Others will form the new RC training support structure the Army calls Ground Forces Readiness Enhancements (GFRE) that will provide "turn key" training during both weekend and annual training. As I reported last year, four of the sections have applicability to all the services' RCs. Appropriate changes will be made in DoD policy, and further legislation is unnecessary. The Army has recommended minor amendments to some of the Title XI initiatives in a legislative proposal submitted this year. I support those changes, as I believe they maintain the emphasis of prioritizing resources to the earlier deployers.

Individual Skill Qualification. Individual skill qualification match has now become the limiting factor in Selected Reserve unit readiness -- particularly in the ground forces. This year I initiated a long term project to improve our processes for managing the training of individual Guardsmen and Reservists to meet unit requirements. This project involves the full participation of both Active and Reserve Components of all Services. So far, we have begun to take action on a group of initiatives that involve policy changes, improved ways of doing business, and development of better information management tools to assist the Services in the discharge of their training management responsibilities. These initiatives include: leveraging technology (e.g.; Distance Learning) to reduce costs and improve training efficiency; standardizing skill requirements across Services where

feasible; capitalizing on accreditation of civilian acquired skills to reduce training demands and quickly increase readiness in some units.

This project is really a long-term investment in future force readiness -- the longest life cycle managed in the DoD is the development and employment of the trained soldier, sailor, airman, and marine. Additionally, better training management means reduced unprogrammed demands on Reservists and their families. This translates directly into better quality of life and directly supports other retention and personnel initiatives.

Distance Learning. Distance learning technologies have high payoff for both individuals and teams along three major dimensions: effectiveness, efficiency, and increased access. My office has joined with the Office of the Deputy Under Secretary of Defense for Readiness and the Defense Information Systems Agency to establish a Total Force Distance Learning Action Team. The group's goals for this year are: document the distance learning requirement; establish standards and obtain interoperability for equipment and systems; achieve long term funding support; and develop a coherent strategy for distance learning that is applicable for all Services and components.

Learning productivity and distance learning technology is a priority interest area for DoD. Our training requirements are large; we cannot meet the training load if we don't change how we do business.

Simulators and Simulations. DoD is seeking to accelerate the development and adoption of technologies that can achieve a major leap in training capability, to make learning

effective, engaging and fun. I believe adoption of such technologies are vital to training the Reserve components of tomorrow.

The Defense Modeling and Simulation Office is promoting the use of modeling and simulation throughout the Department of Defense. The DoD Modeling and Simulation (M&S) Master Plan has been distributed for final coordination. This document establishes DoD M&S objectives, identifies actions, and assigns responsibilities for accomplishing them, and it provides the justification for resource allocations to M&S within DoD Component programming and budgeting processes. The Advanced Research Projects Agency (ARPA) in cooperation with the Army National Guard is creating an order of magnitude improvement in the effectiveness and efficiency of training in early deploying combat and combat support units using simulation technologies.

Reserve Component Automation System. I would like to thank you for your continued strong support of this critical system. The Chief, National Guard Bureau is directing the continuing development and fielding of the Reserve Component Automation System (RCAS) for the Army National Guard and the Army Reserve. I cannot overemphasize how essential this system is to the management of readiness, training, and mobilization of the Army Reserve components. Current fielding plans would have this system into units by FY 2002. The Chief, National Guard Bureau, with the Army's support, is in the process of reviewing alternatives which would permit fielding this important system at a faster pace.

D. IMPROVE QUALITY OF LIFE

The Secretary of Defense has adopted quality of life improvements for all military members as a key component of our readiness strategy. These improvements include everything from appropriate pay raises—to benefits—to employer support and family care programs. As we make the final reductions in force structure, we are helping move displaced personnel into positions in other units whenever possible. For those leaving the force due to downsizing, we are providing appropriate transition benefits. With the President's full support, and Secretary Perry's major Quality of Life Initiative, we are continuing our priority to put people first.

In the Reserve community, "putting people first" also means preparing Reservists and their families for the unexpected disruption associated with Reserve military service, and providing families with an infrastructure to help them be self-reliant. I will discuss these initiatives next.

Quality of Life in the National Guard and Reserve. Our quality of life initiatives are designed to relieve, to the extent possible, conflicts between Reserve service and civilian employment. With regard to family readiness and support, it is important to recognize that nearly every Reservist has a family, parents and siblings as well as a spouse and children, and that crises affecting family members can affect individual readiness. Our efforts in this area are intended to ensure that mechanisms are in place to support Reserve families across the spectrum of Reserve service, from weekend training to mobilization.

With respect to protection against economic loss, the Department recognizes the hazards associated with military training and service and the possible economic losses associated with mobilization. Therefore, we are developing specific proposals to minimize the economic impacts of Reserve service as well as losses resulting from injuries or illness associated with such service. Finally, we are preparing a range of initiatives to provide maximum opportunities for Reservists and their families to participate in military community life, and to make sure that time spent on Reserve duty or in training--and away from job and family--is productive time.

There are marked differences in what constitutes "quality of life" for Reservists from that of Active component members. Service in the Guard and Reserve requires time away from full-time civilian employment and families and the possibility of involuntary activation. As Reservists move in and out of military duty status, there is the potential for gaps in protection. Reservists are sensitive to the policies that extend military facilities and programs to the military community and they must not be made to feel that they are second class citizens.

The activation of approximately 250,000 RC personnel during the Persian Gulf War for periods of up to one year during 1990-91 brought the issue of income loss for activated reservists into sharp focus. A significant percentage of Reservists suffered serious income losses due to (1) military income less than civilian income (including Reserve income), (2) extra expenses incident to mobilization, and (3) for self-employed and small business owners, reduced income or erosion of their client base. A substantial number of activated Reservists experienced individual and small business bankruptcy as a

result of being called up. Because over 20 percent (more than 47,000) of the reservists mobilized were medical personnel, a large proportion of the income loss cases reported involved physicians, dentists, optometrists, and other health care professionals, particularly those in individual or small group practice. The Department is reviewing proposals to address these problems.

There have been several legislative proposals introduced over the past decade to provide tax benefits for employers of Reservists. Such incentives have been viewed as tax expenditures having a fixed and recurring budgetary effect.

The Department of Defense has had a long-standing concern about the impact on small businesses caused by prolonged absences of employee-Reservists, and is reviewing proposals to address these problems.

Uniformed Services Employment and Reemployment Rights Act (USERRA). We are beginning to implement the newly passed USERRA legislation, and I appreciate the efforts of those of you who worked hard with us on this important issue for our Guard and Reserve personnel.

The Department has published interim guidance in those areas that immediately affect service members and individuals who apply for entry into military service. The guidance, which was provided to the Assistant Service Secretaries and the Commandant of the Coast Guard, informed non-career service members and applicants of the requirements they must meet in order to protect their reemployment rights. This guidance included: (1) the requirement to provide advance notice of upcoming service to their

civilian employer, and (2) advising members of the transition provisions with respect to determining periods of service that count toward the five year service limit under USERRA.

Since the passage of USERRA on October 13, 1994, the Department has worked with the Department of Labor and the Office of Personnel Management to ensure a smooth transition to the new law. This collaboration resulted in policies that met the intent of Congress and were consistent with the transition rules.

DoD intends to issue requirements for the Military Departments to establish procedures to provide information concerning reemployment rights and obligations to departing non-career servicemembers upon completion of extended periods of active duty, and disseminate, at least annually, reemployment information to members of their Reserve component(s).

Reserve Officer Personnel Management Act (ROPMA). We have established a ROPMA implementation working group consisting of representatives from OSD and each of the Services. The working group will meet regularly during the coming months to develop policy guidance for inclusion in existing DoD Directives and Instructions in preparation for implementation of the ROPMA personnel policy provisions which are effective October 1, 1996. This guidance will then provide the basis for revising appropriate Service regulations.

ROPMA provides the flexibility necessary in the management of the Reserve officer force while providing visible career progression opportunities to individuals. It

will assist in maintaining a cost-effective Reserve component personnel structure within the Total Force. The ROPMA legislation has been designed to provide the framework for Reserve officer management before, during, and after periods of call-up or mobilization. It involves over 200 changes to existing law and will provide a comprehensive management system for approximately one-quarter million officers not on the active duty list.

Montgomery GI Bill-Selected Reserve. I am convinced that the Montgomery GI Bill-Selected Reserve continues to be one of the most important recruiting and retention incentives for the Reserve components. Evidence of its effectiveness includes high overall participation, its beneficial effect on the number of six-year enlistments, and its key role with respect to retention. Effectiveness of the program can be evaluated in several ways. First, overall participation remains high. The end of Fiscal Year 1994 found more than 184,700 individuals participating in the program. Since its inception, there have been over 349,900 National Guardsmen and Reservists who have applied for educational assistance. At the end of Fiscal Year 1994, 37 percent of all members currently eligible for educational assistance had actually applied to receive benefits to support their studies.

Another measure of the value of the program is its effect on the number of six-year enlistments. Since the inception of the Montgomery GI Bill, accessions with six-year terms or greater service have steadily increased. The proportion of accessions without prior military service electing six-year terms has increased from 39 percent of

Selected Reserve accessions in Fiscal Year 1985, to 65.3 percent in Fiscal Year 1994.

While other factors play a role in a member's decision, there is no doubt that the Montgomery GI Bill is a significant factor in the decision to enlist for six years or longer.

Closely related as a measure of the value of the Montgomery GI Bill is its effect on retention. An analysis of available data indicates the Montgomery GI Bill plays a particularly important role with respect to retention, especially for the first six years of a Reservist's military affiliation. This was confirmed by the analysis conducted by the Sixth Quadrennial Review of Military Compensation and by a RAND Corporation analysis conducted for the Assistant Secretary of Defense for Reserve Affairs. The Montgomery GI Bill-Selected Reserve continues to be one of the most important recruiting and retention incentives for the Reserve components as shown in Table 2.

TABLE 2

Montgomery GI Bill-Selected Reserve
Percentage of Applicants to Current Eligibles

<u>Reserve Component</u>	<u>Applicants*</u>	<u>Eligibles**</u>	<u>Percentage of Participation</u>
Army National Guard	71,491	198,435	36.0%
Army Reserve	40,023	95,773	41.8%
Naval Reserve	14,395	39,920	36.1%
Marine Corps Reserve	13,958	24,140	57.8%
Air National Guard	26,297	74,640	35.2%
Air Force Reserve	14,677	58,039	25.3%
<u>Coast Guard Reserve</u>	<u>1,495</u>	<u>4,478</u>	<u>33.4%</u>
Total	182,336	495,425	36.8%

* Applicants who are currently eligible

** Number of current and former Selected Reservists who retain eligibility

Guard and Reserve Family Readiness. We have been quite busy recently working to enhance family readiness in the Guard and Reserve. The Department has worked closely with the Reserve components to strengthen family readiness programs. As a result Reserve families are better informed of their benefits and entitlements and are better prepared in the event of a mobilization. We are particularly proud that grass roots cooperation is thriving in the form of volunteers and family support groups. In September 1994, the first ever DoD guidance on Reserve Family Readiness was developed and coordinated in a DoD Instruction. This Instruction also encourages commanders at all levels to support Total Force Joint-Service family readiness efforts in maximizing regional cooperation, planning, and information sharing. Currently, we are asking the Services to report on their implementation of this Instruction.

During the Persian Gulf Crisis, the importance of family readiness programs was clear. Since then the Reserve components have done much to enhance their family programs. To further these efforts, a Corporate Information Management (CIM) business process analysis was conducted. The objective was to document the essential elements of family readiness in the National Guard and Reserve. This assessment involved site visits and interviews at headquarters and at the field level involving family support experts and leaders in the Guard and Reserve components. The National Guard family support system was determined to be the most capable of responding to crises because they had established simple, effective plans providing for an expandable support system.

National Committee for Employer Support for the Guard and Reserve (NCESGR).

(NCESGR), within my office, operates an outreach program on behalf of the Secretary of Defense to promote employer support nationwide.

More than 4,200 volunteer business and civic leaders, educators, retired military personnel, representatives of local National Guard and Reserve units, and other patriotic individuals serving on 55 state, district, and territorial committees comprise the Employer Support of the Guard and Reserve (ESGR) grassroots organization. Each committee is charged with implementing employer support programs to promote awareness of the importance of the National Guard and Reserve and support employer issues and recognition efforts.

NCESGR's programs continue to be relevant and invaluable as reliance on the Reserve components continues to increase. We believe that, as the time away from the workplace for Reserve components becomes greater and less predictable, the support system provided by NCESGR will become increasingly important to the success of the Reserve components' missions.

NCESGR is committed to maintaining a strong alliance with employers, Reservists, and DoD leadership. Its new strategy, "Strength in Partnership," builds on the success of past outreach programs and adopts new programs to encourage a cooperative effort whereby Reservists act responsibly toward their employers, commanders foster a good relationship with the employers, and the employers freely reciprocate by supporting participation of their employees in the National Guard and Reserve.

Additionally we have developed a number of programs to help Reservists get time off for necessary training and deployments. Although legislation is in place to protect Reservists from negative actions on the part of employers (such as termination, lay-offs, improper reinstatement, denial of promotion or benefits, or discrimination in hiring), NCESGR through its outreach strategy of the "Strength in Partnership" program is taking a proactive approach to prevent potential complaints and to build positive relationships with employers, Reservists, and DoD so that they understand and support each other. If complaints arise, NCESGR's National Ombudsman offers informal mediation to resolve conflicts between the employer and the Reservist. NCESGR's Mission One program works directly with National Guard and Reserve members.

In addition to the initiatives to keep readiness high mentioned above, we are continuing the historical practice of enhancing Guard and Reserve readiness while simultaneously adding value back to the taxpayer. I will discuss these next.

E. MILITARY READINESS--REBUILDING AMERICA

I believe the Civil Military projects are particularly effective in providing readiness training and giving something tangible back to the American taxpayer, in addition to increasing wartime preparedness. We are continuing to accomplish productive, useful, and meaningful Civil Military Projects that accomplish exactly these things. Historically, the military services have brought their extensive resources -- personnel, equipment, facilities -- to help meet some of the country's civil needs.

In recent years, the Department of Defense (DoD) has realized the simultaneous benefits which these civil-military programs can also offer in military readiness. The SASC Report on the FY 93 Defense Authorization Act noted the opportunities for enhancing military readiness while assisting in meeting domestic needs: "The American people have made an enormous investment in developing the skills, capabilities, and resources of the armed forces. These resources, if properly matched to local needs and coordinated with civilian efforts, can be a useful contribution to addressing the serious domestic needs of the United States".

With the support of the President and Congress, I established the first OSD Directorate for Civil-Military Programs in Reserve Affairs with two goals in mind: 1) to promulgate policy and provide leadership for establishing or expanding within the Services civil-military pilot projects that are done in full partnership with local communities and states, 2) to institutionalize those projects which simultaneously are cost effective in meeting domestic needs and provide useful readiness training.

These programs are in keeping with a long military tradition because America has frequently turned to its military to perform civil missions. The National Guard has responded to natural disasters and domestic violence since before the Nation's birth. Most recent examples are in the San Francisco earthquakes, hurricanes Hugo and Andrew, floods in the Mid-West, and fires in the Pacific Northwest.

In keeping with this long standing tradition of community support, a total of more than 20 new pilot programs operating in more than 48 states in the areas of youth,

medical, and engineering programs was approved under the Civil-Military Directorate in FY 94 and FY 95.

G. CONCLUSION

Let me assure you that this Administration views a mission-ready National Guard and Reserve as an essential part of our post-Cold War strategy. As a result, Reservists will play an expanded role in war, and also be more engaged in these turbulent times of peace. While we ask our people to do more, we must never lose sight of the need to balance a Reservist's commitment to country with his or her commitment to family, and to their civilian employer.

We have covered much ground in the last two years and the next year promises to be equally challenging. Summing up my goals into one overarching pledge, I commit that I will do all in my power to produce and protect the people and family issues I talked about. I also pledge to work hard to ensure that the National Guard and Reserve is a well trained, mission ready and accessible force—a force that can take on missions our country assigns to it overseas and a force that protects Americans here at home.

Thank you for this opportunity to testify on behalf of the finest military Guard and Reserve force in the world.

Mr. DORNAN. Thank you, Madam Secretary, for that excellent and very comprehensive statement.

I would like to point out that all of the statements of your distinguished panel members will be put into the permanent record of this subcommittee, as will the statements for those of you in the audience to know from all of the Reserve support organizations and veteran organizations.

I would like now to defer to the ranking Democrat on our committee for any questions, to begin our questioning. Mr. Pickett of Virginia.

Mr. PICKETT. Thank you, Mr. Chairman.

Secretary Lee, one of the things we have heard quite a bit about as far as the Active duty forces are concerned is the high level of utilization of certain types of units that have a recurring demand to meet current daily requirements around the world.

The personnel TEMPO and the operational TEMPO of these units has gotten very high and has stressed these particular people to the point that other action has had to be taken in some cases.

What kind of programs are you all developing with the Reserve components to guard against overstressing your units, particularly in light of the fact as you mentioned in your remarks that these citizen soldiers have a job that they have to attend to elsewhere? How are you going to make sure that they are not being pulled away too much in the performance of their duties in order for them to maintain their position with their employer?

Mrs. LEE. Mr. Pickett, what I will do is give you sort of a broad answer, if I might, and then perhaps some of the Reserve chiefs would also like to give their opinion.

I think the No. 1 challenge, that if we are going to do more of this in the future that we have to do carefully and do right, is in the management of the program. What I mean by "management" is not going back to the same Reservists and the same units year after year and asking that they do these sorts of jobs, but rather spreading the work around to the maximum extent possible.

I think that is the way that you do not overtax specific individuals and specific units. I might add that although we have involuntary authorities and we certainly are prepared to use them when we must, we also maximize the use of volunteers.

What we find is there are certain professions that have a high level of flexibility built in. There are people who are seasonal workers; teachers, construction workers, and the like. There are certain categories of people who have more flexibility than you might see at first glance. It is not always extremely burdensome on each individual and each unit.

Furthermore, we are working on several initiatives. We have been fortunate to receive additional protection under the law as well. The protection under the law which we have gotten in the last year include additional strengthening provisions to our employment and reemployment rights. You will recall that the law says that employers may not discriminate against Reservists. They must let Reservists go for their training.

They must reemploy the Reservist when they are concluding their military service. So we do have those laws on the books and we will be enforcing those laws vigorously.

We will have a tax credit that we will propose which will further, we hope, ease any strains that might be brewing. Furthermore, we will also be having a more sort of get out the message program through what we call our National Committee for Employer Support of the Guard and Reserve.

We find that if we can nip brewing problems at the bud, they don't blossom into enormous problems with employers. With that, perhaps I would just ask if anyone would like to comment.

General MCINTOSH. As we have discussed before, Ms. Lee and Congressman Pickett, we have done quite a bit of surveying blessed by the Air Force and the Air Force Reserve. Our initial survey to our Reservists who are used at a high OPTEMPO indicates that over 90 percent are still willing and ready to volunteer at a very high rate.

At about 85 percent have received no friction with their employers to-date. So the continuance of those type surveys are required. We have a survey that will soon be on the street to the employers themselves and say, what kind of stress is it putting on you because of the high volunteerism of our Reservists? So survey results are indicating we are OK. We are on track. It is a good monitoring device also.

Mr. DORNAN. For the record, that was Gen. Bob McIntosh, Chief of the Air Force Reserve.

General BACA. I think Secretary Lee covered it exceptionally well. I think the key here is to give the employers, in the planning aspect of this, plenty of time to plan for their employees to be gone.

I also think that we need to emphasize and strengthen our family partnership program so that the families fully understand and appreciate what their loved ones are doing.

General SHEPPERD. Mr. Pickett, also, along with my colleague from the Air Force Reserve, we have some units in the Air National Guard that are unique and few out of the Air Force that are needed the first moments of every contingency.

What we do with those units is we resource for that. For instance, in the special operations unit that we have that is needed all of the time, we make that unit about 40 percent full-time as opposed to 25 percent full-time.

In the other contingencies that we face out there, what we really need is planning time and a mind set that says we are going to do this so we can spread the wealth as Mrs. Lee said among the units out there and so we can plan. If a person has 6 months' or a year's notice, he knows when he can take his vacation from his employer and what have you. It is a do-able thing. I think it is more of a mind set problem than a real problem.

Mr. PICKETT. Thank you very much. Thank you, Mr. Chairman.

Mr. DORNAN. Thank you, Mr. Pickett. From the great State of Indiana, Mr. Buyer.

Mr. BUYER. Thank you, Mr. Chairman.

Mr. DORNAN. Excuse me 1 second. We are going to play by the rules here. We are going to follow the lead of our Chairman, Mr. Spence. We are going to recognize people by the order in which they came. So, you will be next.

First, a gentleman who has put his mark in this Congress and I mean both Chambers, Senate and House, more on the Reserves

and the National Guard than any Member that comes to mind, maybe ever. That is Sonny Montgomery of the great State of Mississippi.

Mr. MONTGOMERY. Thank you very much, Mr. Chairman for those very nice remarks. To you, Secretary Lee, thank you for the job well done. You have enthusiasm. You use common sense. I was one of the authors that setup the assistant Secretary of Defense for Reserve Affairs. You are doing it like we want it done.

You are an advocate for the Reserves. I know you get some knots on your head over there from those big old generals and admirals and civilians, but keep hanging in there. You have got some friends over here.

Mrs. LEE. Thank you, Mr. Montgomery. Can I go home now with those remarks. I don't know how I could ever do any better.

Mr. MONTGOMERY. You had better not go back to the Defense Department. Just a brief answer; I only have 5 minutes. If each one of the Chiefs would tell this subcommittee, what is the major problem that you have? I want personally or officially. We will start with General Richard.

General RICHARD. Thank you, sir.

Mr. MONTGOMERY. It has to be brief, if you don't mind.

General RICHARD. A short answer is that my concern on the professional side is the continued proper funding of our personnel accounts so that we can be in a better position to have enough full-time support to ensure that the Reserve remains ready.

Mr. MONTGOMERY. The full-time Reservists working full-time. Is that what you said?

General RICHARD. That's correct, sir.

Admiral. HALL. Mr. Montgomery, my major concern is, again, funding of the personnel accounts; that we have adequate dollars for our Reservists to do their training, mobilization training and contributory support.

As has been stated earlier, the active forces are drawing down. They need us more. We need to be seamlessly integrated with them. We are trying to do more. We want to ensure that we have adequate funding for those Reservists to do their training and increase peacetime contributory support.

General SHEPPERD. My two greatest problems, sir, in the Air Guard are force structure, having to do with the cuts in our fighter force structure and also our technician cuts.

Mr. MONTGOMERY. Does that mean reduction of aircraft?

General SHEPPERD. A number of the aircraft, sir. The budgets are forcing us to reduce the number of aircraft per squadron.

Mr. MONTGOMERY. Example.

General SHEPPERD. For instance, the next step would be to reduce from 15 aircraft down to 12 aircraft per squadron. That reduces our capability to respond overseas and do the things that we are supposed to do.

Mr. MONTGOMERY. Does it save any money?

General SHEPPERD. I am sorry?

Mr. MONTGOMERY. Is it a big savings?

General SHEPPERD. It is not a big savings in money.

Mr. MONTGOMERY. Why do it?

General SHEPPERD. Sir, I think budgets have forced us to do it. We have made the same decisions that I would make faced with those budgets. We are hoping we can find some ways around this.

The second problem I have, as Mrs. Lee referred to, is the technician cuts. Those are very serious and will definitely affect our readiness and also affect our ability to respond overseas in the manner that we would like to help our active duty forces.

General BACA. Mr. Montgomery, I support what General Shepperd is saying. I think really what we need to do now in both the Army and the Air Guard is stabilize our force. We have had a lot of turbulence. We have gone through the cuts. I think we have cut as much as we need to cut.

I think in that regard, we also need to make sure that we have enough OPTEMPO money, enough money in O&M and in GPA to support the force. We also need to have the adequate full-time manning of both AGR and technicians to support the force. Thank you.

Mr. MONTGOMERY. General D'Araujo.

General D'ARAUJO. Mr. Montgomery, I think the Chief summarizes it well. Those are clearly the three top issues facing me in directing the Army National Guard programs.

I am concerned about the fact that the full-time support situation not be eroded any further. Although we are reducing our structure, at the same time, we are increasing our density of modernized equipment.

Our full-time force is largely dependent upon to keep that equipment ready and keep it available for training. The other part of our full-time force, of course, provides the day-to-day support of our Guards men and women across the country. So, that is a major concern.

We recognize that the resources need to be tiered. We are doing that, but they need to be there to support whatever expectation we have for the units in our force.

General BARATZ. Mr. Montgomery, the Army Reserve needs adequate funding like everybody else. Our full-time support, which is the lowest of anybody at this table, if it is continually denigrated will affect the readiness of our force. So, our full-time support is a major issue with us also.

Finally, like General Baca, I look to stabilizing my force. I am downsizing about the same amount of the Active Force; actually a little more, close to 40 percent. The turbulence it has caused with that downsizing is something we are managing. Nevertheless, it is disconcerting to my soldiers. All three areas are of importance to us.

General MCINTOSH. The military technician is our biggest concern, too. Outside of the devastating effect on readiness, as has been described earlier, the capability of responding to the Air Force's needs around the world would be detrimentally affected if we have any significant cuts below where we are today in the technician force.

An example might be today as we sit here, I have 11 F-16's in Deny Flight operations. I have 189 people deployed. Even though only 15 percent of that unit, on a peacetime basis, are Air Reserve

technicians, over 47 percent of those deployed today for the next 3 to 4 weeks are technicians.

Admiral LARRABEE. Mr. Montgomery, in the Coast Guard I think our greatest concern is stability. We have gone through a 37 percent downsizing over the last couple of years. We have gone down below the level of the 8,000 authorization. My challenge this year is to get back up to 8,000.

At the same time, we have embarked on a concept we call integration under Team Coast Guard where we integrate reservists into our regular units. It is a concept that we feel works very well for the Coast Guard, but it has its challenges. That is what we are working on this year.

Mr. MONTGOMERY. Thank you. My time is up.

Mr. Chairman, the big problem seems to be full-time manning and technicians to train these troops and do the job. They are not really asking for a lot. We are not talking about a lot of money. With the full-time technicians, what do you have, five in a company now? Maybe they need seven full-time technicians. That is what we are talking about.

Mr. DORNAN. Well, I agree, Mr. Chairman, I think it is absolutely key. I repeat from my opening, as a combat-ready Air National Guard pilot, flying the fastest non-after burning airplane every made, the F-86-H, without the air technicians, we would have had a serious flying safety problem.

As it was, because of the quality of our air technicians, including our squadron commander who was an ace from World War II, we went from a brandnew squadron to the best squadron in the Guard in 1 year, the 195th Tac Fighter Squadron of Van Nuys.

So, this is key. We have got to protect the technicians in all of our services.

The next gentleman up is Mr. Skelton of Missouri; home of the B-2 spirit.

Mr. SKELTON. Mr. Chairman, you were there when the first B-2 came in. What a great day that was.

Mr. DORNAN. On Wright Brothers Day.

Mr. SKELTON. That's right.

Mr. Chairman, it seems like the last number of days I have been spending a great deal of time with Reservists and Guardsmen. I was at the Missouri National Guard Commanders Conference and then with the Marine and Navy Reserves over the weekend.

I also had the opportunity to talk with the commanding colonel at Aveano, Italy not too long ago who said that he could not fulfill his mission of Deny Flight without the Reserve pilots.

I am here to report to you, Mr. Chairman, that they are outstanding, just truly outstanding. I commend everyone at this table. Admiral Hall was kind enough to be patient to get me down to see the Navy Reserves. We shared that with the marines over the weekend. Thank you for the opportunity.

General D'Araujo, how many enhanced brigades do we have now?

General D'ARAUJO. Sir, we have designated 15 brigades in the enhanced category.

Mr. SKELTON. You have designated 15.

General D'ARAUJO. Excuse me, sir?

Mr. SKELTON. You have designated 15.

General D'ARAUJO. That is correct.

Mr. SKELTON. Back in the olden days, we had brigades assigned to active duty divisions and round out at capacity. Is that not correct?

General D'ARAUJO. That is correct.

Mr. SKELTON. Today, the plan is to go down to 10 active duty divisions with no round out. Is that not correct?

General D'ARAUJO. That is also correct, yes, sir.

Mr. SKELTON. You know I have been disagreeing with that plan every possible place I can thinking out loud that we should have 12 Army divisions; 4 of them with round out National Guard brigades; 2 with one brigade each; and two with 2 brigades each.

My question to you is, with whom do these 15 enhanced brigades fight? What about the readiness of each one of them?

General D'ARAUJO. Sir, first of all to your question of with whom they would fight, that would depend on which MRC; how many divisions were deployed.

Mr. SKELTON. Yes, but they don't have a parent; do they?

General D'ARAUJO. They do not have a specific war fighting relationship with any division.

Mr. SKELTON. That is correct, as in the round out. Isn't that a disadvantage?

General D'ARAUJO. Not necessarily, sir, because the divisions are being structured and organized so that they are able to plug into any division or corps, as the Army would be required to provide them in the war fight. I don't see it as a significant disadvantage.

Mr. SKELTON. You mean the National Guard brigade that trains with, say the 24th Division for 5 years, is no better off than one of your so-called enhanced brigades that goes off and fights with the 24th Division, meeting those people for the first time?

General D'ARAUJO. Sir, each of those brigades has or will have a training, peacetime training, relationship with an active component division or corps.

Mr. SKELTON. That is not round out? That is not round out?

General D'ARAUJO. It is not round out, no, sir.

What happens if you have the 10 active divisions that are full up completely.

Mr. SKELTON. That's right.

General D'ARAUJO. They will have a training relationship so that the SOP's can be standardized. There is that bonding that comes from training with the active force. In addition to that, the notion of using the enhanced brigades has superimposed upon it, a Ground Forces Readiness Enhancement Program that we are working with Forces Command to provide active component integrated training with our units.

Mr. SKELTON. General, tell me about the readiness of these 15 enhanced brigades please.

General D'ARAUJO. First of all, sir, the Department of Defense has asked us to have these brigades in a fully ready configuration by 1999. That is an important point because several of them are being reorganized as we speak.

We only had seven of the round out, round ups as you will recall. When the requirement was imposed upon us for the 15, we had to designate the other 8 in an armored cavalry regiment.

In doing that, these brigades are being restructured. Let me give you some examples. We are building an air defense artillery capability and a military intelligence capability into these brigades. So, there is some restructuring going on.

The brigades that were already round up and round out, we had already made a very significant investment in terms of equipment, modernization, full-time manning and additional training. So, those brigades are in pretty good shape in terms of achieving that readiness level.

By the way, the expectation for all 15 at their in-state is to be fully ready in personnel, equipment on hand and equipment availability and to be able to enter a post-mobilization train-up for deployment within a 90-day period.

Mr. SKELTON. One last quick question. Are you satisfied with the progress of them?

General D'ARAUJO. Yes, sir. Considering what I just told you about the restructuring and the changes in the relationships and what have you, yes, sir, I am.

Mr. BUYER [presiding]. Thank you, Mr. Skelton.

Next is Mr. Thornberry of Texas; 5 minutes.

Mr. THORNBERRY. Thank you, Mr. Chairman.

One of the things that this committee has heard about repeatedly in previous hearings is concern about our sealift and airlift. I would appreciate from whomever is the most appropriate person to comment on the role of the Guard and Reserve now in those areas.

Can you do more? Would it be advisable to have you do more in those areas? What would be required for you to do more airlift and sealift?

Mrs. LEE. I would just say, again, a very broad comment and then I would like to yield to perhaps General McIntosh to continue.

The Guard and Reserve are very, very significant forces in the area of airlift. They are already doing quite a lot. He can give you an update more specifically how they are playing. We might also want to get a comment from Admiral Hall on behalf of the Navy and the sealift question.

General McIntosh, in the airlift area, the Air Force Reserve and Air National Guard upon full mobilization is about 40 percent of the Air Force's capability in strategic airlift and tactical airlift.

On a day-to-day basis with volunteers in peacetime, it varies, but we are doing between 10 and 20 percent of the strategic airlift for the Air Force. So, very, very much integrated and probably integrated just about at the right level and the right size based on the scope of the situation.

Unique to the Air Force Reserve is the associate program which allows us to have sister squadrons with the active force and fly active duty equipment. That is extremely cost effective and working well. I think based on the total airlift assets we have available, we are doing just about the right amount.

Admiral HALL. On the Navy's side, we have two parts in airlift and sealift. Let me first talk about airlift. We have 13 squadrons that are organic airlift for the Navy. Those are C-9's, C-20's and C-130's. Those are absolutely critical to organic airlift for the Navy.

Ninety-percent-plus of all of the time those squadrons spend are in contributory support and supporting the Active Navy. We lift 85 percent of all of the Navy requirements with those. Those are 100 percent Reserve squadrons for the Navy.

On the sealift side, we have augmentation crews for LKA's, but primarily we are involved in cargo handling battalions. It is absolutely critical with our pre-positioning ships to get cargo on-loaded and off-loaded and that those cargo-handling battalions be ready.

There are only 14 of them in the Navy; 12 of them are in the Reserves, with one training and one active. Those cargo-handling battalions participate in that sealift and are critical to the Navy's mission in 2 MRC's.

Mr. THORNBERRY. Thank you. Let me ask one other question.

Mrs. Lee, have you detected any resistance in the Guard and Reserve for asking those folks to do nontraditional military type missions; whether it is peacekeeping efforts or the kinds of things we have been doing in Haiti or elsewhere?

Mrs. LEE. What I detect, Mr. Thornberry, and I do a fair amount of traveling. I hold townhall meetings. I work with my senior enlisted advisors. The anecdotal information I get in one-on-one comments is always very, very positive.

Again, we do maximize the use of volunteers wherever we possibly can. Of course, just as a matter of definition, a volunteer can say "no" or a volunteer can say "yes." If they are there, it is because they have felt that they can work it out with their employer and their family and so forth.

What I detect, just as a general comment across the force, is just a highly dedicated group of people who want to be involved to the maximum, who want to advance, who want to improve themselves, and who are very, very desiring of being fully utilized and a part of what is going on. So, I do not detect that.

Mr. THORNBERRY. I can understand at the current level, particularly with the drawdown of the active force that your recruitment efforts are going well as you mentioned.

I guess I would be concerned given the aircraft availability problems and some other things, that we may have some more difficult times coming in the future once that drawdown stops. This may play a role in that, it seems to me.

Mrs. LEE. I think you are right. I was trying to give you sort of a balanced viewpoint, if you will. We are in good shape right now. We have been the beneficiaries of the active drawdown because we have gotten a lot of good experience into our ranks.

But we, too, just like the active-duty side are working harder and harder for every nonprior service recruit that we try to get in the door. The challenges are out there. We are just going to have to continue to monitor and continue to work hard at it.

Mr. THORNBERRY. Thank you, Mr. Chairman.

Mr. BUYER. Next is Mr. Tiahrt of Kansas recognized for 5 minutes.

Mr. TIAHRT. Thank you, Mr. Chairman.

It is nice to see people here from my area that are involved with the Reserves. Maj. Gen. Larry Shuckser is here from the 89th Army Reserve Command in Wichita, KS, which recently scored

first in a major merit study among the 20 Army Reserve Commands. It is a pleasure to have you here, General.

Wichita also has, I believe it is the 186th Air National Guard, which is the first B-1 Air National Guard unit to be activated. I spoke with them. Because of those parochial concerns of mine, I want to address readiness.

I want to make sure that we have proper training available. That we are prepared. Mrs. Lee, I was wondering if there has been any analysis in any of the services of how the performance was of the Reserve and the Guard during Desert Shield and Desert Storm? Was there kind of a document of lessons learned, written that you know about?

Mrs. LEE. Yes, Mr. Tiahrt. There have been a number of reviews, some conducted by the services, DOD, GAO. There have been many, many reviews including from this committee which also did an After Action Report.

Again, as a general matter, the Reserve components performed magnificently during Operation Desert Shield/Desert Storm. I can remember 10 years ago when we would be talking about Reserve issues, the key question on many people's minds is would the Reserves come if we called them?

Boy, we sure answered that question. They did come. They were very well trained. Things went rather well. The one major piece of confusion in the midst of all of this related to three National Guard roundout brigades.

Again, I give you my take on that matter. We had procedures on the books which required that these roundout brigades be called up early and initiate about 90 days of postmobilization training so that they would be ready to deploy about 90 days later with their parent active-duty unit.

As a practical matter, they were not called up early. The active-duty unit went without them in effect. They were eventually called up. They weren't as ready as we had hoped.

Again, they were never supposed to be ready on day one, but there were some readiness deficiencies. They did then enter their period of postmobilization training. I will tell you this, the one brigade that was, in fact, given a test at the end of that period, did test out as ready.

I believe it was on day 91. My point to you is, we weren't perfect, but we have learned from it. We have instituted a lot of changes since that time. Even with all of the confusion, that brigade still tested out as ready on day 91, which is pretty close to the 90 days of the enhanced readiness brigades; again, with many improvements made since that time.

Again, in general, the Reserves performed very, very well. We did learn our lessons. We did do our After Action Report. We think we have put those lessons to good use.

Mr. MONTGOMERY. Will the gentleman yield?

Mr. TIAHRT. Certainly.

Mr. MONTGOMERY. One of the biggest problems we had, I was here during the Persian Gulf war, was getting the Defense Department or the President to call out National Guardsmen Combat Army Units. They were calling up the Reserves, but no combat

units. She answered it very well, I thought, but we couldn't get them to bring in the combat units.

They were using the Air Guard and the Air Reserve and others, the Navy and the Marines, but they would not call up the combat arm of the National Guard. That was a big problem we had.

Mr. TIAHRT. I am pleased that we are documenting these lessons learned. We are now placing further obstacles in the Reserve and the Guard's way mostly through diminishing funds.

I think you are making plans to accommodate this new challenge. Is there anything that we have done so far in this drawdown that has hampered your, to the best of your knowledge, ability to respond within the right timeframe? Some of them, I believe, were 90 days, as you mentioned.

Mrs. LEE. Again, in general, I think within the confines of a budget which is going down, just like every other Federal organization, is similarly dealing with a budget that is going down. I think we are in pretty good shape.

You heard a number of concerns here, particularly in the area of full-time support. I am acutely aware of these concerns because I meet with these gentlemen regularly. We have had many, many discussions about this matter.

Full-time support is a very, very complex area to say the least. It is related to readiness. The different components, however use their full-time support people in somewhat different ways.

As a matter of fact, there is a recent DOD IG report which in some ways is critical of the fact that everyone does it somewhat differently. I guess to sum it up, I am convinced that full-time support is very, very important to readiness. As I mentioned with respect to, say, the technician reductions, we are trying to develop an alternative plan.

Dr. Perry is behind that. I am due to report back to him on that. With respect to the other categories and with respect to our requirements overall, I would like to see and, in fact, I will be meeting with the service assistant secretary since it is the services who manage their people and control their funds.

I will be meeting with them to urge that we work together closely to try to get as best a handle as we can on what our requirements are for full-time support. I suspect, as in many other instances, we have requirements on the books which are somewhat old now.

They were developed during the cold war. I am not sure whether they are totally and completely relevant for a new situation. I think we need to reassess these things periodically. I think we are at one of those junctures now.

I will be trying to do my part and working with them in the policy advisory capacity. Again, they are very important also because they control the forces, "they" the services, control the forces and they control the money that pays the forces.

Mr. TIAHRT. Thank you, Mrs. Lee. Thank you, Chairman.

Mr. BUYER. Well now, the Chairman is coming back. I was going to give up my time because I didn't want these hard-hitting questions to come from this chair. Now, I get to slide over here and I am going to ask them.

Mr. DORNAN (presiding). Are you ready?

Mr. BUYER. I am more than ready.

Mr. DORNAN. The distinguished gentleman from Indiana, a Desert Shield and Desert Storm veteran, Mr. Buyer.

Mr. BUYER. Let me just share with my colleagues that—in audible—and one of those will be the Pentagon. The other is going to be universities. It is because of the nature of politics how some of those institutions are protected.

To some of my colleagues who are new to the committee, I was new 2 years ago and boy did I learn some big lessons. I learned some big lessons about the fights and the battles that go on behind the closed doors between the active generals, and the Reserve generals, and the Guard generals.

Pretty soon you figure out, do they really fight together as a team? You begin to ask yourselves these questions. Be very careful. They come here and they look very—they look beautiful. I have great reverence and respect for the traditions of the military and not a stronger advocate for the military, Mrs. Lee, than myself.

I am not happy today. I am not happy because I learned great lessons about how some generals like to have their own sandboxes with their own set of toys. I don't think that is very good.

I think that we have to be very careful. When we get the waves and the winds about we have funding shortfalls in this category and readiness is down over here, but all of a sudden we have got civil military increase at the time readiness is decreasing.

We have got tiers in readiness from active Guard and Reserve. Everybody wants to play. We have got the total military picture. I am throwing a lot of things out there for a reason because it is all on the table.

I think there are some really fundamental questions that need to be asked. I have reviewed some of the testimony. When I looked at the Guard Bureau's testimony, I didn't see anything in there about, "here are my shortfalls".

No, you don't come in here and say, here are my shortfalls. What happens is politics happens. You get all of these governors all across the states, they come knocking on our district doors and say, well what we will do is we will find out particular individuals within our districts.

Pretty soon you have got the politics permeating military policies. Instead of making the requests here, it is coming through the back door to us. I know that there have got to be some limitations out there on the advocacy or the lobbying efforts of the military.

I know the active duty doesn't come in doing that to me. I don't think they do it to any of my colleagues. Here is the question I am going to ask each of you. I want you to be specific. Do you have shortfalls in your O&M budget? If so, what is it? Go down the line and tell me what it is.

General Richard, do you have a shortfall in your O&M budget?

General RICHARD. I answer to most anything, sir.

Yes, we do have a shortfall in the O&M budget.

Mr. BUYER. What is yours?

General RICHARD. Let me take that for the record to be exactly precise.

[The following information was received for the record:]

Mr. BUYER. General Richard, do you have a shortfall in your O&M budget?

General RICHARD. I answer to most anything, sir. Yes, we do have a shortfall in the O&M budget.

Mr. BUYER. What is yours?

General RICHARD. For fiscal year 1996, an additional \$30M is needed for depot level repairables, maintenance, and other items. The breakout is as follows:

- a. 2M—Depot Level Repairables.
- b. 3.5M—Environmental.
- c. 3M—Training (M1A1, Transportation to Exercises).
- d. 3.1M—Facilities & Non-BRAC relocations.
- e. 7M—Individual Equipment Shortages.
- f. 11.4M—Initial Issue.

Mr. BUYER. All right. Next.

Admiral HALL. We are adequately funded in my O&M line to do the job; however, we can use extra money to do more contributory support in the form of training funds for our Reservists. So, if we had more money, we could do more support of the active forces. We can do adequate now, but the requests for more support exceed the funds I have in there.

Mr. BUYER. OK. General Shepperd.

General SHEPPERD. I am adequately funded in my O&M for the force structure that is planned on the book. I reluctantly give up that force structure. I don't want to see it go down. I am very concerned, as I said before, about the technician draw downs which come out of my O&M pot.

Mr. BUYER. Then, what I am reading about the Air Force Reserve shortfall of \$34.8 million, that is not a reality? Are you saying you are adequately funded?

General SHEPPERD. I am adequately funded in my O&M budget right now, sir, for the force structure that is on the book.

Mr. BUYER. You just saved us \$34 million. Oh, that's the Air Force Reserve; wasn't it?

General SHEPPERD. Yes, sir.

General BACA. Mr. Buyer on the Army side and General D'Araujo will get into more detail on that. We are not adequately funded in O&M.

Mr. BUYER. What is your shortfall?

General BACA. General D'Araujo can give you the exact figures.

General D'ARAUJO. Sir, I have got shortfalls in the O&M area and in the personnel account for training to the tune of about \$340 million.

Mr. BUYER. How does that breakout?

General D'ARAUJO. Sir, I would like to answer that for the record to give you a very specific breakout, if I might.

Mr. BUYER. OK.

[The following information was received for the record:]

ARMY NATIONAL GUARD SHORTFALLS

The Army National Guard is short in its FY 96 Operations and Maintenance, and Personnel President's Budgets by \$347 million. The breakout of this shortfall, by appropriation is as follows:

Operations and Maintenance:

\$41 million for depot maintenance support to get to 46 percent of requirements;

\$66 million for base operations to improve ARNG quality of life to get to 74 percent of requirements;

\$75 million for readiness accounts (optempo)

\$12.5 million for restoral of outsourcing in place of technicians (Note: this would be the net amount to restore full intent of Department of Defense

outsourcing levels. However, there is a new option being worked in the Department of Defense that would bring the Army National Guard to 25,500 technician end strength in FY 96.)

Personnel Pay and Allowances:

\$95 million for schools training necessary to maintain readiness, and special training in support of unified commands

\$41.5 million to restore AGR reductions to FY 94 Congressionally authorized levels

\$15.5 million for funding of the Army National Guard share of Title XI (Army National Guard Combat Reform Initiatives Act)

Mr. BUYER. Keep going; the Reserve.

Mr. BARATZ. The nicest thing you have said today is we look beautiful. I haven't heard anybody say good words like that in a long time.

We have tiered our resourcing in the Army Reserve. We are fully capable of supporting two MRCs. If we could have additional funds, then we could spread money to increase our readiness across the force. For the record, I will give an exact figure. It is about \$170 million.

[The following information was received for the record:]

SPENDING FOR INCREASED READINESS

(\$ MILLIONS)

• OPERATION AND MAINTENANCE, ARMY RESERVE	
CIVILIAN PAY	20
AUTOMATION (PERMS/IMA/CORE)	26
FORCE STRUCTURE FIELDING	57
RTS-MED	23
BASOPS(-)	59
DEPOT MAINT	54
OPTEMPO	51
GEN MAINT	90
RECRUIT/ADV	4
RPMA	<u>80</u>
	464
• RESERVE PERSONNEL, ARMY	
TRAINING	79
FORCE STRUCTURE FIELDING	16
FTS (1% YR TO 12%)	29
MOB	26
ROTC	4
BOBC	21
IMA	4
OPTEMPO	<u>5</u>
	184

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- \$12.5 million for restoral of outsourcing in place of technicians (Note: this would be the net amount to restore full intent of Department of Defense outsourcing levels. However, there is a new option being worked in the Department of Defense that would bring the Army National Guard to 25,500 technician end strength in FY 96.)

Personnel Pay and Allowances:

- \$95 million for schools training necessary to maintain readiness, and special training in support of unified commands
- \$41.5 million for ^{to} restore AGR reductions to FY 94 ^{STAR} levels
- \$15.5 million for funding of the Army National Guard share of Title XI (Army National Guard Combat Reform Initiatives Act)

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Mr. BUYER. You have \$170 million shortfall?

Mr. BARATZ. Sir, I did not say we had a shortfall. What I said to you was that with the funding, I have tiered the force. About \$170 million would give the same opportunities to everybody because when you tier the force, you move the resources to the first to the fight.

In that case, that is what we have done. We have managed our funds inside the budget. The question is, what would extra money do and what is the amount of that money? For the record, I want to provide that to you, but it is about \$170 million.

Mr. BUYER. General McIntosh.

General MCINTOSH. First of all, I will address initially, Mr. Buyer, have to do with shortfalls that are shared by the total Air Force. They happen to be things like E-bags which are some equipment that you would need to give you some enhanced capability upon deployment would be one of those.

Certainly, everybody is a little shorter in military construction than we would like to be, but then I am not suffering any more than the active duty Air Force and the Air Guard is.

The biggest shortfall item ends up being the military technician line that we have talked about before. That is to the tune of about \$21.7 million to meet the military technician final manning that we need to keep our strength at the point it needs to be.

Admiral LARRABEE. Mr. Buyer, because the Coast Guard is smaller and structured a little bit differently, we don't own equipment or facilities. All of our people are now being integrated into Coast Guard Active duty units. We don't have any shortfalls in those areas.

Mr. BUYER. Mr. Chairman, I see my time has expired.

I came here today doing my studies and learned that the Operations and Maintenance budgets have been reduced due to reductions in unmet end-strength goals, even though the services make ends meet through the tiering efforts.

Someone referred to that today. The Reserve components do not have sufficient funds to train and operate to its fullest. I think it is important. I want to know what those shortfalls are. The message to you, lady and gentlemen, is that it gets difficult for us to juggle those dollars when you say we want increase in civil military type operations.

Those are going to escalate at the time when you are resistant to go to mutuality of support and training and moving to jointness. It makes it pretty tough out here. We are going to continue to revisit that over the year. If I don't get it now, it will happen one day when I am over here. Thank you.

Mr. DORNAN. I thank the gentleman. I state publicly that I am certainly glad you are on this committee for the 3d year. Mr. Hastings is in the coffee room. He is next up. It looks like he is not.

From the great State of Kentucky, Mr. Lewis.

Mr. LEWIS. Thank you, Mr. Chairman.

Secretary Lee, since we are putting so much dependence and we are going to use the Reserve and National Guard in a greater way, I understand there are some concerns about recruiting. What is the status of recruiting in each of the component forces?

Mrs. LEE. Mr. Lewis, would you prefer perhaps I yield to the Chiefs and they can give you the very specifics that I think you are looking for?

Mr. LEWIS. Sure.

General RICHARD. Sir, specifically our recruiting plan is on target as of this date. Our long-term plan which will conclude in fiscal year 1996 is on target. Our concern is that we continue on target with our attrition. If those two go according to plan, we will be right where we are supposed to be at the close of fiscal year 1996.

Admiral HALL. I went to our recruiting review yesterday. For the first 5 months of the year, we met all of our recruiting goals. We are recruiting about 15,500 Naval Reservists, of which about 1,800 are officers. The others are enlisted. We have made all of our goals.

We have examined for 1996 the budget before you, our advertising. We have increased that slightly. We looked at our O&M budget. We have increased that slightly. Our funds for our people are and we have also examined the amount of people we have out in the field and recruiting.

I am comfortable with all of those; however, I would say and we have discussed this amongst the Chiefs that in about 1997, there are some storm clouds on the horizon because as we complete the active drawdown in the Naval Reserve, we are 96 percent complete.

The Active Force is only about 70. As that pool of people are going to no longer be coming off of active duty in about 1997, that is going to start to present problems for us. There are some storm clouds on the horizon that we have got to watch.

Mr. LEWIS. Let me just add another question to that. Are the standards equal to those of the active military?

General RICHARD. They are in medical; the medical kind of requirements. The physical, we give those. The ones they have to meet in the Navy are the same as for our Active.

General SHEPPERD. Mr. Lewis, as you know, we are concerned not only with recruiting, but with a readiness and in-strength as well. Recruiting is just a part of it. Our recruiting is good, but all of us are suffering I think from the same thing that our active duty components are which is, the military is no longer seen as an area of opportunity.

We have that problem to deal with. Competition with other national service programs and then of course the demographic changes. Specifically on the Air Guard side, in the future, I am worried about our ability to get pilots.

We are seeing the active duty service commitments increase, the up-tic of the bonus and the downsizing of the pilot force and pilot training numbers. They will all affect us, as Admiral Hall said, in the year 1997 and in the out years. We may have some real problems coming in those out years.

Mr. DORNAN. Would the gentleman yield?

Mr. LEWIS. Sure.

Mr. DORNAN. Could you please just elaborate on that a little bit?

General SHEPPERD. Yes, sir, I can.

Mr. DORNAN. I have a nephew down at Seymore Johnson that is trying to get into pilot training. The quota for active duty officers was 5 slots for 236 applicants. He missed by a few people.

General SHEPPERD. As usual, we never get it right, Mr. Chairman. The draw downs are never timed. We are right now, although I have probably, for every vacancy I have out there, there are probably 80 to 90 pilots trying to get that vacancy right now.

Mr. DORNAN. Coming off active duty.

General SHEPPERD. That's correct. Off active duty or off the street applying for it. So, we have a lot of pilots that have come off active duty as a result of the drawdown trying to get in our units. We don't have vacancies for them because we are drawing our numbers of aircraft down at the same time. We have cut pilot training down. I will give you the numbers; roughly 1,500 per year down to 500 per year.

Mr. DORNAN. These are young citizens of our States going through pilot training as designated Guard pilots?

General SHEPPERD. Those numbers I gave you are total pilot training. We have been training about 150 a year in the Guard. We are going down to 90. Again, the bonus up-tic, our pilots out there right now are taking the bonus in record numbers because there are not jobs available on the outside to them is one reason.

They are taking that bonus and that commits them as you know to about the 14th tier of service. Then the active duty service commitments are being increased as well from the academies. All of that adds up to a problem down the line for us.

Of course, we don't know what force structure is going to look like down the line, so we think it may be a problem down the line. What it means to me is that we may have to go from 90 back up to 150 UPT slots, pilot training slots, a year for the Guard to train our own because there won't be adequate numbers coming off active duty to fill our cockpits.

Mr. DORNAN. General McIntosh, the Reserve fighter squadrons and airlifts still get a few pilot training slots; right?

General MCINTOSH. Yes, approximately 50.

Mr. DORNAN. Fifty; down from 150 down to 90. I am sorry. I yield back to the gentleman.

General MCINTOSH. We are about half the size of the Air Guard.

General SHEPPERD. The main reason for that cut, sir, is I have gone, in my years here in the Pentagon, I have gone from 1,800 airplanes down to about 1,200 airplanes. The cockpits simply aren't there.

General BARATZ. As a new Chief, I can tell you that one of my top priorities is going to be to continue to recruit and retain quality people.

I firmly believe that now we have some of the best quality of people in the Army and the Air National Guard that have had in my 38 years of service. I will let General D'Araujo explain to you just exactly where we stand on that.

General D'ARAUJO. Sir, in the sight of the Army National Guard, right now we are not recruiting non prior service people to the program we have set for the current fiscal year.

We are recruiting at about 85 percent of our program rate. On the other hand, our prior service, we are accessing at about 116 percent of program. Bottom line, when you wash that out, our best projection is telling me that I probably will not make the end-strength for 1995.

We will be in the ballpark at about 98, 97 percent it looks like to me. We are encountering the same kind of demographic adjustments that General Shepperd alluded to earlier. I would also point out that one of the concerns I have is, we had some recruiter limitations imposed on us.

We are just now recovering from that. That directly impacts our non-prior-service accessions. As General Baca said, our quality of the force in terms of high school graduates, categories 1 through 3B is good. We are on program there.

Perhaps the most encouraging thing to me in the personnel management of the Army National Guard force is that we are enjoying some of the best retention rates we have ever had. We had one of the lowest attrition rates last year than we have had in many years, about 18 percent.

All in all, I think we are doing OK. Our non-prior-service market is a problem that we are going to be attacking with a vengeance for the rest of the year.

Mr. LEWIS. Thank you.

General BARATZ. Mr. Lewis, first of all, the Army Reserve will come under their end-strength. That is primarily due to better retention this year. General Shepperd basically characterizes, I believe, correctly what is going to happen here in the out years.

You have an economy that is increasing which is a detractor from coming into the military. You have a perception of the military as downsizing and not a safe place to go, but as a detractor for a young man or woman to come into the military.

You have competing programs from other places in the Federal Government which will offer like benefits which will be competing with the people who came in. We ought not to be sanguine about what we are going to do this year. I do believe that there is a softness in the nonprior in the coming years.

General MCINTOSH. I will just add an amen to all of the previous remarks. The Air Force Reserve, one of our corps components as prior services experience, today 80 percent of our people have prior service experience.

Now as we recruit at the 98 percent manning level, we are getting about 9 out of every 10 of our new recruits are prior service experienced. We compute by 1997 and 1998, we will have to double the number of prior service experience people are going to bring on board. That is from a smaller pool.

That will be a challenge. The other leg of that is retention and of course the quality of life issues mentioned by Mrs. Lee will be important to the retention of our good people.

Mr. LEWIS. Thank you.

Admiral LARRABEE. In the Coast Guard Reserve, because of our downsizing of the last couple of years, we have just this year started to recruit again. We are cautiously optimistic that we will go back to 8,000 by the end of the year.

Mr. DORNAN. Mr. Chambliss, the floor is yours.

Mr. CHAMBLISS. Thank you, Mr. Chairman.

I continue to be amazed after being in this staff for less than 3 months, Mr. Buyer saved \$34 million and spent it like that and nobody flinched.

I will address my question to whomever is the appropriate one to answer it. I continue to be concerned about the readiness, not only at the present time, but given our current budget constraints where we are going to be 2, 3, 4 years down the road. I would like a comment on whether or not we are now prepared and what your feelings are as to where we are going to be under those current budget constraints, as far as supporting our active duty folks on more than one front at the same time.

I think that is a real possibility down the road. Like I said, I will just throw it out to whomever is the appropriate one to answer that.

Mrs. LEE. Perhaps I could go first, Mr. Chambliss. Again, in terms of the overall readiness of the Reserve forces in order to do our top jobs in support of the active duty forces, both in wartime and in peacetime, I think we are ready to do that.

That is not to say we don't have challenges. We do have challenges. I don't know anybody these days who doesn't have challenges. We have our fair share certainly.

Mr. CHAMBLISS. Would those be primarily from a monetary standpoint?

Mrs. LEE. I think it is monetary. It is recruiting. It is management of our forces. It has to do with the peacetime operations specifically as we talked about earlier. Again, I would just say to you that I had the privilege, some years ago, of sitting in the seat that Mr. Chambliss now sits in.

I was on this committee as a staff member during the height of the cold war when we were spending \$300 billion a year on defense. I can tell you that any military commander in those days, just as military commanders these days who are worth their salt are always ready to do more.

They are always ready to do more training, send more people to school, if there would be more money available. I will bet if we go back into testimony from 1986 or so, you would hear similar concerns about shortfalls and people willing, able and prepared to do more if only there would be more money.

It is sometimes difficult to sort through all of the statistics and what not. What I always try to do is kind of come back to bottom line questions. Are we, or are we not ready to do our top job?

In that regard, the people who are ultimately responsible to the President, Dr. Perry and General Shalikashvili are the military Chiefs, General Sullivan, Admiral Boorda, General Fogleman and so on.

I know that Dr. Perry has very specifically questioned them as to whether they were comfortable with the budget. Are we going to be ready within these budgetary constraints? They have repeatedly said, I believe they have said before this committee as well, that yes, they are comfortable.

Could they do more if they had more money? I am certain that they could. Bottom line, can they do their job? The answer is yes. I believe that is the same answer for the Reserve components.

General RICHARD. Specifically to answer your question as I understand it, sir, in my professional opinion, the thing that keeps me up at night in the outyears, I believe that is what you are looking toward, is the mismatch that could happen in the outyears between

Active end-strength, Reserve in-strength versus requirements; meaning, commitments abroad. I think that, as a professional, could be detrimental.

Admiral. HALL. I would just say from the Navy aspect, when you look at readiness it normally is a triad and has certain elements. Generally, it is equipment. It is people and it is training. The question, are we equipping our Reserve components right?

I think we need to continue our horizontal integration of first-line equipment. We are doing that in the Naval Reserve. We need to provide the people with equipment that is similar to the Active Forces so when they mobilize they know how to use that equipment along side.

The second is the amount of people. You have to recruit people who are physically and medically fit in the right numbers.

The third is training. You have got to provide them the funds to train. Again, is my concern that we have adequate funds.

I think those three things make up the readiness. We have examined in both commissioned units and people past years, this year, and looked at the 1996 budget and said, do we have enough money to maintain our readiness levels? It appears for the Naval Reserve that it is going to be fairly level, but we are watching closely.

General SHEPPERD. Mr. Chambliss, I think we are all dealing with a crystal ball. We don't know what is in it. In the old days when we were a militia nation we spent 1 or 2 percent of the GNP on defense. That is when we had nothing but guardsmen and reservists in those days.

We are now at the end of this year down to 3.6 percent of the gross domestic product on defense. That is the lowest level since Pearl Harbor; lowest level in 50 years. It makes sense the more peaceful world.

As we dwindle below that, in my opinion, there is no way, other than to depend more upon our guardsmen and reservists. That is what I am looking at in the future; lower budgets, but more dependence upon us as a part of the pie that is left.

Mr. DORNAN. General, just for clarification, did you indicate the Pearl Harbor mark was 3.6? I thought it was lower than that; way lower?

General SHEPPERD. No; I don't know what it was at the time of Pearl Harbor. I am just saying that our budget now is the lowest level in 50 years.

Mr. DORNAN. If we go below 3.6, that's the lowest since the end of the Second World War. We are getting back to competing with pre-Pearl Harbor GDP percentages, right? Go ahead General.

General BACA. Sir, as we tier our readiness, certainly the higher priority units, the first deploying units are going to get the lion's share of the resources. We have a choice then as to whether we are going to keep a baseline for the later deploying units so that you have the have's and the have more's rather than the have's and the have not's. You have to rob other accounts to pay for that.

You start getting into your training accounts, your depot maintenance accounts. Eventually you reach a point of diminishing return. This is an area that we have to watch, that we have to manage very closely.

General D'ARAUJO. Mr. Chambliss, I would go back to the question that Congressman Buyer asked when he asked about shortfall. What General Baca just alluded to is how we are managing the resources that we have got to work with.

That tiering of the force means exactly that. Whatever the expectation is for an early deploying unit, we front-load the resources in terms of training opportunities, repair parts, fuel, flying hours and full-time manning.

We graduate that depending upon the expectation for the later deploying force. We are doing that now. We will do it again in 1996 based on the budget that we have. As Mrs. Lee alluded to, we can meet the requirements for which we are expected right now.

Over the long-term, however, if that erosion continues at some point you pay the piper. That will be the later deploying units in the case of the Army National Guard.

General BARATZ. Mr. Chambliss, first of all, the bottom line is readiness. All other missions are peripheral. Based on that, the Army Reserve has gone to tiered resourcing. We did it about 18 months ago.

What that means very simply is that in our tier one units, which are our first-to-fight units, we put 100 percent of full-time support in those units, 100 percent of equipment, 115 percent of strength, and whatever funds are necessary for them to do their job.

The risk is taken in the tier three units that are later deploying at 75 days or later and that we feel we will have time to bring up. It is a question of management and leadership of what funds you have. We are working within the budget. We feel confident that this is the right way to do it. We feel comfortable with the results that we have produced.

Mr. DORNAN. We are going to go vote on the Hostettler amendment on food stamps. I wanted to recognize J.C. Watts of Oklahoma. Mr. McHale, if you want, we haven't had a vote for a long time. So, they will probably give us that 2- or 3-minute buffer.

Let me recognize Mr. Watts. If you could show some mercy to Mr. McHale who is on the full committee, well, maybe we can get both of you in before we break and then probably we can dismiss this panel and be ready for the next one when we come back from the vote. Mr. Watts.

Mr. WATTS. Thank you, Mr. Chairman.

Secretary Lee, one of the most compelling lessons learned from the Persian Gulf war is one that you suggest is still being studied and the need to implement an income protection insurance plan for reservists.

This subcommittee was particularly concerned about the issue following the war because we received many complaints from reservists who went bankrupt or suffered some other financial hardships. The complaints were so disturbing from the medical professionals.

There was genuine fear that recruiting and retention within medical reserve units would erode to levels that threaten wartime readiness. For a year after the war the Congress was awash with recommendations that were all deferred until the Department could review the options.

Here we are 4 years later and I understand the issue is still under review. One, what is the current status of the effort to find a solution? Two, are there any proposals that you could share with us that appear to be a viable solution?

Mrs. LEE. Mr. Watts, the solution that we see is the system of mobilization insurance that I alluded to in my opening remarks. As you say, we have studied it. We have a plan.

The plan is right now in the final stages of the OMB coordination process. In a nutshell, just to step back for a moment, we did learn from the Persian Gulf war that approximately 55 percent of our enlisted force, which was called up, and approximately 45 percent of our officer force called up reported that they lost substantial income when they converted from civilian life to military life.

At the same time, we learned from the Persian Gulf war, much to our delight, that we did not have serious retention problems. In other words, this was a problem for a significant number of people, but they didn't vote with their feet. They didn't leave us in droves, as some people feared that they might.

As we thought through the problem, we tried to develop a proactive approach which would not cost the Government a lot of money since we didn't have a major retention situation on our hands. We reasoned that it wasn't appropriate to come in with a major new program which would be costly.

By the same time, try to address the situation for people who need it and be pro-active as we look to use Guard and Reserve more in the future.

What we developed was this system of mobilization insurance which would be at no cost to the government. It would be optional. For people who choose to participate, they would pay into it.

It would be administered kind of along the lines of the Servicemen's Group Life Insurance Program where the VA, in effect, puts out guidelines and then private companies actually run the program.

It would be on a sliding scale. A person could purchase for themselves anywhere from \$1,000 to \$5,000 of income protection per month. It would be more expensive to them if they wanted the \$5,000 and less if they wanted the \$1,000.

In a nutshell, that is the proposal. It is my belief that it would be referred probably jointly to this committee and to the VA committee when it reaches the Hill. We would appreciate your consideration and your support of this measure because we think it is important.

Mr. WATTS. Thank you.

Mr. DORNAN. Is that it. I thank Mr. Watts. Mr. McHale ran over to vote. I don't think he can get back this fast. What I will do is—let me ask the staff if someone who is not on this specific subcommittee can Chair?

What we will do is, I will run over and vote quickly. Just to be sure that we are going by subcommittee rules, I will come back. If I could ask you to indulge us for about 7½, 8 minutes it takes me to fast, recycle, and then I will reconvene so Mr. McHale can get the courtesy due a Member of the full National Security Committee.

Then I will release this panel and we will go to panel No. 2 who is waiting behind you very patiently. Let me exercise the chairman's prerogative. I am trying to keep a good bipartisan feeling on this committee. So, I always let my senior Democrats go first.

I didn't really have any questions because of your excellent testimony. Just to tell you that having been an air guardsman and air reservist and having seen my best flying and my most capable combat ready status, I cannot believe we are bringing squadrons down from 24 airplanes and 18 airplanes down to 15. Now, we are talking about going down to 12.

Is it still possible, General Shepperd, to hold the line at 15 if Congress weighs in and fights to keep it at a minimum of 15 aircraft per squadron?

General SHEPPERD. Sir, it is a question of money, pure and simple. The Air Force made the same decisions I would have made given the budgets they were given.

Mr. DORNAN. Let's take your F-16 squadrons, I just flew to Des Moines, IA, went up to congratulate the captain for a particularly smooth grease job, just settled it on the shocks. He knew who I was. Said he was flying F-16's. I looked out the window. I said, here in Des Moines?

No, in South Dakota. He said, I was a Navy F-18 pilot. I said, how lucky can one human being get? I guess we are not doing service transfers anymore. Here he was flying F-16's in the South Dakota Guard.

What do we do with the three extra F-16's since the Air Force has all of the active duty F-16s that they need. Are they going to bone yard at Davis Mountain?

General SHEPPERD. The plan would be for them to go to the bone yard, sir.

Mr. DORNAN. Why would we not mothball them in the guard hangars right there in case of a double MRC emergency?

General SHEPPERD. You could do that. It wouldn't be the solution to very much. If you are going to mothball something, the best place for it is in the bone yard because it has to be professionally done.

Also, if you just leave the airplanes on the ramp, which is also something that is attractive, it costs money to wash, tow, clean. That is not a real solution.

Mr. DORNAN. When you come down from 15 aircraft to 12, then you start releasing pilots or at least drawing down your unit by attrition.

General SHEPPERD. No question.

Mr. Dornan. We are going to have to get together. I guess the same thing applies to the Barry Goldwater 302d squadron out there in Tucson and all of the guard squadrons that are first line fights.

General MCINTOSH. In the Air Force Reserve, we are leveling at 15. We do not have a program to go below 15 at this current time. We may later.

Mr. DORNAN. I don't know how that happened.

General SHEPPERD. Sir, it is a question of the mix between Active Guard and Reserve. It is tied up in the 20 fighter wing mix; the balance of 13 and 7, and the 13, 6 and 1. We took the airplanes

out of the air defense forces and then crossed levels, re-rolled air defense forces into general purpose.

With all of the problems in keeping somebody active duty qualified in the Coast Guard, the Navy, the Army, the one area where you can have a person ready to go to war is in a cockpit if you give him or her enough flying hours. You just keep getting better, not older if you have the flying hours.

We will recess and come back, pick up, and close out.

[Recess.]

Mr. DORNAN. The subcommittee will come to order. This is the Subcommittee on Military Personnel from that recess and yield to a Member of the National Security Full Committee, Colonel McHale, U.S. Marine Corps. The floor is yours.

Mr. McHALE. Mr. Chairman, I thank you. I thank you also for the promotion. It is lieutenant colonel.

Mr. DORNAN. I call all lieutenant colonels, colonel and all lieutenant commanders, commander.

Mr. McHALE. I thought I was a politician. Mr. Chairman, I thank you. On a serious note, before I begin the questioning, I want to thank you very sincerely for the courtesy you showed me within the last 10 or 15 minutes. I am not a member of this subcommittee, though a member of the full committee.

It was an extraordinary personal courtesy that you adjourned the meeting and allowed me to return to ask these questions. Mr. Chairman, I want you to know I appreciate that.

Mr. DORNAN. (Inaudible.)

Mr. McHALE. The microphone was turned off on that one, Mr. Chairman.

Mr. DORNAN. I'll repeat it for the record. What goes around comes around. You will have your opportunity to reward me probably sooner than you think.

Mr. McHALE. Mr. Chairman, I heard it even before you turned on the microphone. I thank you very sincerely.

Secretary Lee and General Baca, I guess you are the appropriate persons for my first question which really is a series of questions. I am firmly unequivocally committed to those 15 enhanced readiness brigades of the National Guard. They will, in my opinion, someday be called into combat.

The soldiers that we have in those units or those who succeed them will one day, in my view, apply their skills on the battlefield. I want to make sure that we in the U.S. Congress do everything we can to assist you in getting ready for that day.

With that as the context of my questioning, I would appreciate it if you could give me what those in uniform would call a sitrep. If you could just give me an overview of the combat readiness currently of those 15 selected enhanced brigades. To the extent that you could be specific, I would really appreciate it.

What kind of training are they getting? How well are we supporting them? How realistic is their peacetime training? For instance, how many of those 15 brigades have gone to the NTC in the last 2 years? Are we truly preparing them for the day that they have to go into battle?

General BACA. Congressman, let me take some of your questions as I recall them. They may not be in the proper order. First of all,

as to the readiness, as you know, of the 15 enhanced brigades only 7 were previously round out and round up and enjoyed the highest readiness ratings in resourcing available to the Army National Guard.

That was one of the criterion used to select and designate these units as enhanced brigades. Those units had already been modernized with their primary weapons systems. We have modernized a couple of them again with up-gunned M-1, M1A1, A-1 tanks for example.

The other half in the Armored Calvary Regiment were not enhanced. Some of them were very lowest priority units. For demographics and potential supportability in the future and based on the restructuring of the whole Army National Guard that began in 1989 and will culminate in 1999 really, we had to take into consideration how we postured all of these brigades for success.

The guidance we had at that time when the Bottom-Up Review designated these 15 brigades is that they would reach their maximum readiness requirements by 1999. I am confident that they will.

Mr. MCHALE. How do things look between now and then?

General D'ARAUJO. I am confident that we are going to get there. Several of those brigades already meet the personnel readiness expectations.

Mr. MCHALE. How many of the 15?

General D'ARAUJO. Sir?

Mr. MCHALE. How many of the 15?

General D'ARAUJO. Right now three of them do. By the end of the year, our goal is to have the first six in full readiness and that is the C-1 status; a full readiness capability in personnel.

Equipment is not a problem for any of them. We will have the equipment. They either already have or will have modernized equipment by the time they reach their required end-state; actually, well before that.

Mr. DORNAN. Would the gentleman yield for a clarification discussion there?

Mr. MCHALE. I certainly will.

Mr. DORNAN. This will not come out of your time.

I have always thought that the best thing on the ground, the closest thing to being a fighter pilot in the air, was to be in a tank. It is kind of like a two-seat phantom crew expanded by one or two other people. In an M-1, I guess it is a three-man crew.

General D'ARAUJO. Four, sir.

Mr. DORNAN. Four. So it is like a four-seat fighter or it could be like an EA-6 Intruder. Four people doing the job but really loving their work.

What does it take to keep a tank crew fully combat ready compared to a fighter pilot or an airlift pilot getting ours in the bird, punching the tickets to stay combat ready? Is it strictly the fuel and the time to be in the tank mixed in with the proper amount of simulator time?

I know we do not have enough M-1 or M-2 Bradley simulators. Is that a pretty good comparison? If you get the time in the tank on the range, because fighter pilots don't always fire their weapons. It is very expensive weaponry. A 155 round is very expensive. That

time in the tank driving around, is that perfectly equivalent to flying hours?

General D'ARAUJO. That is an excellent analogy, Mr. Chairman. The similarities are very close. We do both a combination of maneuver, live-fire simulation in the event a cyclical set of tables to measure the readiness.

I will tell you, I was just down at Camp Shelby, MS, where we are testing a new simulator that is a precision gunnery appended simulator, relatively low cost or comparatively low cost that we are going to be hopefully fielding through our high-priority units. That analogy is quite close.

Mr. DORNAN. Just a quick comment from the Marine Corps. The Marine Corps would feel the same about its tank battalions? That time in the tank for its crew is identical to flying hours; but you don't keep log books, right? A person has to individually know how much time they have had.

I would recommend keeping a log book just like a young pilot starting out, getting ready to solo. We should keep track of our tankers by hours logged in a moving tank. Did the Marine Corps try to do it that way?

General RICHARD. Yes, Mr. Chairman. There is a log book. Every crew—weapon does have a log book. Those hours and what not are, in fact, logged. Specifically for us in the Marine Corps as in the Army, the table 8's and the different various gunnery stabilization and tables is an indicator of readiness.

To answer your question specifically, it is like anything else, hand-on time. Hands-on time in various training environments, whether it be logistics, running out of fuel on the range as opposed to running out of fuel on the battlefield, that is a combat multiplier and a readiness enhancer. So, the answer is "yes."

Mr. DORNAN. Do we have any artillery officers here?

General RICHARD. I am.

Mr. DORNAN. The same thing would apply, but I would say even more, live fire.

General RICHARD. An artilleryman and any other combat arms officer or enlisted man must smell the cordite sometimes.

Mr. DORNAN. Yes, yes.

It is all yours, Mr. McHale.

Mr. MCHALE. Thank you, Mr. Chairman.

General, if I may, about a month ago I got the newest edition of the message from the Secretary of Defense to the President and the Members of Congress covering the policy issues that we have to analyze before this committee.

It is quite clear that in order to fight that second MRC, we are heavily critically dependent upon those 15 enhanced readiness brigades. That is at this point a paper proposition. My questions really go to the heart of how soon we can rely on the combat capability of those brigades?

I fully appreciate the magnitude of the enormous task you have had to take what is on paper and potentially bring it to the battlefield. That is what I am trying to get at here. I am trying to figure out how soon that message will become a reality?

How soon, based on the kinds of training that I would invite you to describe, will those 15 enhanced readiness brigades have been

exposed to the smell of cordite often enough that we, the American people, can count on their combat readiness and their families can count on the fact that they have been sufficiently well trained that they will be coming home after the war?

When will they be ready to fight? What are we doing to guarantee that?

General D'ARAUJO. As I pointed out, I am very sanguine about the outlook for all 15 of them. I will also tell you that there are a number of them that are already there, as I pointed out.

You have to understand that we are in the process of reorganizing those brigades. That is not a small task. There is a lot of energy and activity in conjunction with the Army, including a specified training strategy that is focused on those 15 enhanced brigades.

Mr. McHALE. That is really what I am getting at. What are we doing in that training strategy to make sure that if the balloon goes up before 1999 that those soldiers are ready to fight?

General D'ARAUJO. Let me just highlight a couple of other points. First of all, in the last 2 years, there have been no Army National Guard heavy brigades go to the National Training Center. We have had a number of individual company units that went there.

We augmented a number of Active component units, but none of our brigades, per se. We have two scheduled to go beginning in 1996. One of the enhanced brigades and the year after that a follow-on brigade.

At the brigade level then, have any of these units had life fire training in the past 2 years at the brigade level?

Gen. D'ARAUJO. Not at brigade level. We concentrate at the premobilization phase on platoon level maneuver and gunnery; extensive gunnery training in all of the M-1 and Bradley brigades. That has been going on since they were organized.

Mr. McHALE. Beginning in 1996 you described two brigades that will be going through the NTC. Is that going to be an ongoing policy, a routine rotation of those enhanced readiness brigades through the NTC?

General D'ARAUJO. I would hope it would be a continued policy. By the way, the light brigades continue to go through the Joint Readiness Training Center at Fort Polk, LA. I will also tell you that part of this enhanced training strategy is a commitment by the Active component as we speak.

Part of the notion of putting the title XI Active component officers out there in readiness training brigades and detachment. That is ongoing as we speak; intimately involved in the training process for these brigades.

In an IDT weekend, a unit may be undergoing lanes training relative to gunnery, up to and including the table 8 that the gentleman referred to earlier.

Simulator training at Fort Knox or at home station with Conduct of Fire trainers that they already have on hand in the units to augment that crew skill that the chairman referred to.

In maneuver training, usually during the annual training period where all of the unit is there for collective training and the capacity to handle maneuver training is supportable, such as at Fort Hood or one of our Guard installations.

Mr. McHALE. I thank Mr. Chairman.

Thank you and I thank the General. I see my red light is on. Let me just close with a brief comment. To the maximum extent you can get those brigades to the field, get them out there in live fire training. Expose them to the most realistic combat conditions that can be reproduced in peacetime, the better off we are going to be when that day arrives.

I think it will arrive when the second MRC requires their services on the battlefield. If you begin to assemble those brigades as fighting forces, having trained them at the platoon and company level, only at the point that you actually need them in combat, that is going to be a pretty tough picture to put together.

I pledge my support. I will do everything I can as an individual. I am very encouraged to hear that those two brigades will begin rotating through the NTC on a routine basis. That is exactly what we need to do. We need to do more of it.

Thank you, Mr. Chairman.

Mr. DORNAN. Excellent closing comment, Mr. McHale.

The only thing I would add to that is, given the sophistication of even the smallest of nations with their whole U.N. contingent virtually an intelligence gathering operation, if we have that combat capability to handle a second major regional conflict and it is reported upon in a nation with an open press, they will see it. They will believe it. We won't have to send them into combat.

It will function with the principal role of all of our military services. That is effective and believable deterrent so that no one dies on a battlefield.

Mr. Talent, I am going to recognize you. I am glad you came back. We have one airline problem here, maybe more.

Rear Admiral Hall, you have to catch an airplane. Would it be all right with you, Mr. Talent, to satisfy the answering of your questions if we released Admiral Hall?

Mr. TALENT. I think I can do better than that, Mr. Chairman. I appreciate you letting me sit in. I have no questions for this panel.

Mr. DORNAN. Good; OK. Really excellent testimony from everyone. Of course, in the interest of time, we didn't have everybody read their statement which all of the statements are packed full of valuable information and constructive suggestions. I repeat, all of that will go in the record.

Mrs. Lee, Madam Secretary, you brought a top-notch team with you. Thank you for all of your good work. We will dismiss this panel and ask panel No. 2 to come forward to our testimony table.

Gentlemen and interested taxpayers in this distinguished chamber, let me introduce our second panel. Adequate manning levels of full-time support have long been recognized as keys to assisting the National Guard and the Reserves to achieve required mission readiness.

Today's second panel of two witnesses will address the growing concern that reductions in DOD's civilian personnel, as well as the overall reduction in defense funding are pushing full-time support; especially military technicians and personnel who are involved in the Active Guard Reserve Program below the minimum levels required for readiness.

Increasing the numbers of full-time support personnel above the levels envisioned in the fiscal 1996 budget request, if that be the solution proposed and adopted, will be a very costly proposition. Finding offsets for any suggested increases will be a difficult challenge.

It will require the Department of Defense, friends of the Reserve components and this subcommittee to work closely together to adopt a solution that allocates resources to the most critical needs. With that said, I would like to introduce our next panel.

Maj. Gen. Robert F. Ensslin, Jr., National Guard U.S. (Ret.), executive director of the National Guard Association of the United States. You continue your excellent service. General, you have appeared in your prior capacity before the major committee and I believe before this committee many times.

At your side, Maj. Gen. Roger W. Sandler, Army of the U.S. (Ret.) executive director of the Reserve Officers Association of the United States. Said organization has graciously allowed me to become a life member.

Gentlemen, you may proceed; and I had to pay commensurate dues to do that. Thank you, General.

General SANDLER. We need the money, sir.

[The following prepared statements were submitted for the record:]

RECORD VERSION

STATEMENT BY

LIEUTENANT GENERAL EDWARD D. BACA

CHIEF, NATIONAL GUARD BUREAU

UNITED STATES ARMY

BEFORE THE

SUBCOMMITTEE ON MILITARY PERSONNEL

COMMITTEE ON NATIONAL SECURITY

UNITED STATES HOUSE OF REPRESENTATIVES

FIRST SESSION, 104th CONGRESS

FISCAL YEAR 1995

RESERVE COMPONENT PERSONNEL ISSUES

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HOUSE NATIONAL SECURITY
COMMITTEE

The National Guard: Our History, Vision, and Priorities

The National Guard is rooted in the concept that able-bodied citizens have the privilege and responsibility of bearing arms for the common defense. This tradition began in America in the 17th century with the organization of the North, South, and East regiments of the Massachusetts Bay Colony on December 13, 1636. Following the Revolutionary War, it was recognized that the militia was an essential institution to preserve the liberties and protect the freedoms gained with the nation's independence. Thus the authors of the Constitution recognized the militia's enduring role and empowered Congress to "provide for organizing, arming, and disciplining the militia."

To enhance the separation of power within our government, the Founding Fathers reserved the appointment of officers and training of the militia to the states. While subsequent national military policy has further defined our federal-military role, the National Guard of each state remains a state-administered force when not in federal service. The National Guard is unique among the service components because of its dual missions: a federal force ready to respond to the nation's call in time of war or national crisis or emergency; and available to respond, at the direction of the governor, in aiding friends and neighbors during times of domestic emergency or disaster.

The Guard's mission requires properly trained and equipped forces for rapid response. As citizen-soldiers, we bring a level of

credibility to provide humanitarian assistance to underdeveloped countries and efforts to promote democracy. Fifty years ago, more than 300,000 National Guardmembers, as part of the U.S. Army, were engaged in a climactic struggle for democracy in World War II. Last year, we recognized the Guard's role in the 50th anniversary of D-Day. On June 6, 1944, the 29th Infantry Division of the Maryland, District of Columbia and Virginia National Guard, along with 15 other National Guard units, took part in the Normandy Invasion. National Guard members have participated in every American war since 1637. The Guard is proud of its 358 years of federal service to our nation.

Our state mission requires that the Guard provide trained and disciplined forces for domestic emergencies. In this role, the Guard is a major participant in domestic disaster relief, responds to civil disturbances and provides significant support in the counterdrug programs of this country.

In accordance with the traditional military policy of the United States, the National Guard continues to serve this country as an integral part of the first line of defense. It is within this historical focus that I have formulated the vision for the National Guard.

VISION

The National Guard will continue to be the most ready Guard or reserve component force in the world. It is well-led, trained, equipped and resourced to accomplish its federal mission -- to fight and win when called. It

simultaneously provides to the states a balanced force of units with organic chains of command capable of performing the military support to civilian authorities and domestic missions.

In our efforts to achieve this vision, I have emphasized the urgency of three areas for the National Guard: 1) stabilizing the force structure; 2) full-time support; and 3) funding equal to the requirement. Although these issues are discussed throughout this Posture Statement, the following introduces you to these critical issues and provides a context for this document.

Stabilizing the Force Structure

Since the late 1980's, the entire Department of Defense (DoD) has been involved in massive downsizing. While much of this is a necessary response to the end of the Cold War, it has nonetheless created a great deal of turmoil in our force.

A bright spot has been the Off-Site Agreement, which the National Guard will make every effort to preserve. This agreement gives the Army National Guard (ARNG) a "road map" for future force structure actions. The Guard will remain steadfast in our resolve to retain our eight divisions, which provide a cost-effective strategic force for the federal mission and have imbedded capabilities critical to the performance of our domestic mission.

On the Air National Guard (ANG) side, we are at the level necessary to meet our requirements. So far, we have been able to draw down without closing flying units by reducing the number of aircraft assigned to each unit. However, we are painfully close to

the line, where it is no longer cost effective to follow this path. Further cuts in aircraft will result in having to close units.

Full-time Support

Over the past three years, we have seen an erosion in full-time support. In FY95, the Army National Guard is funded for 64 percent of its full-time requirements. Continued decrements are programmed in this budget and the outyears. With the requirement for greater full-time support in early deploying units, the percentage for later deploying units will fall further. To prevent a decline in unit readiness, full-time support must not slip below current levels.

Both the Army and Air National Guard also are facing a challenge with planned military technician cuts. The currently planned 20 percent technician cut could impact the readiness of all our units by cutting into the heart of our maintenance force.

Funding Equal to the Requirement

The National Guard needs adequate funding to effectively accomplish our dual role. This means insuring we have enough Operations and Maintenance (O&M) dollars to convert into training, readiness and operational capability. O&M funding becomes especially critical in light of our increased operations tempo (OPTEMPO). The Air National Guard has supported real world contingencies at a record rate and will continue to do so. The Army Guard's recent participation in Multinational Force and Observer (MFO) Sinai and mobilization in support of RESTORE DEMOCRACY in Haiti demonstrate increased reliance on the Guard in peacetime

operations and military operations other than war.

I am particularly concerned about Army National Guard schools funding. It is on the decline and could cause some problems in the outyears.

For the past several years, we have been fortunate in the area of equipment modernization. But with modern equipment came more transition training and minor construction requirements. The costs associated with modernization have not always been fully funded. In order to mitigate this situation, some infrastructure and soldier support accounts have been diverted. Continued reliance on these accounts to fund modernization would not be wise.

The National Guard is an excellent investment for America. I like to describe the National Guard as a whole life insurance policy at term life prices. For every dollar invested in the National Guard, the nation receives a force well-trained for the federal mission and capable of performing in domestic and civil-military emergencies. The National Guard provides our country with a force that is highly motivated and ready to perform; best trained and best equipped; and a quality investment for America.

Highly Motivated and Ready to Perform

Every day of the year, the National Guard proves that it is a highly motivated force, which is ready to perform both its state and federal missions. The following are some highlights of the missions that we performed during the past year.

Federal Missions

The National Guard is an accessible force, able to respond to any military threat to our national interests as well as participate in worldwide peacekeeping activities and nation building projects.

International Initiatives. During the past fiscal year, the National Guard continued to support the emerging democracies of Eastern Europe and the former Soviet Union by participating in a Joint Staff and European Command sponsored cooperative activities under the auspices of the National Guard State Partnership Program.

The National Guard provides the bridge, linking U.S. democratization efforts abroad with grassroots America. Based on the citizen-soldier, the National Guard is the key to fostering long-term, institutional relationships that extend far beyond purely military matters to support the transition to democratic institutions in emerging democracies.

National Guard soldiers and airmen have supported democratization efforts by providing expertise in military organization and training with emphasis on reserve component operations and military support to civil authorities. The National Guard in 16 states has formed partnerships with 14 countries of Eastern Europe and the former Soviet Union. The adjutants general of 25 other states have expressed an interest in developing partnerships.

In meeting the challenges of its federal mission in 1994, the Air National Guard participated in many contingencies throughout

the globe. Personnel and equipment were involved in PROVIDE PROMISE, PROVIDE COMFORT, RESTORE HOPE, SUPPORT HOPE, UPHOLD DEMOCRACY and DENY FLIGHT. Quite simply, the Air National Guard performed in every contingency that the U.S. Air Force participated in during the past year.

It appears the OPTEMPO will remain high for the Air National Guard due in part to the shift of Air Force assets during the continued drawdown. More demand is being placed on Guard airlift and tanker support of exercises and deployments. With this increase in requests for airlift and air refueling, ANG programmed resources for flying hours, workdays and per diem may not meet the future requirements for Air Force and Army support missions.

In meeting the expectations of its federal role, the ARNG's Humanitarian Support Unit Program provides units in a volunteer status to respond to worldwide humanitarian missions. Eighty-nine units volunteered to participate in this program, which was first test during operation UPHOLD DEMOCRACY. Three military police (MP) companies from Puerto Rico, Arizona and California in a volunteer status to backfilled active component MP companies deployed to Haiti.

In January and February of this year, two special forces companies comprised of teams from California, Colorado, Alabama and Massachusetts were mobilized for duty in Haiti.

The Army National Guard currently is participating in the Multinational Force Observer Sinai mission, an implementation of the ARNG's Operational Integration Program. A composite battalion

of soldiers from all three Army components trained at Fort Bragg, North Carolina during the Fall of 1994, and then deployed to the Sinai for a routine six-month rotation. The ARNG provided 401 of the 441 required Reserve Component soldiers on Temporary Tours of Active Duty. The Commander, 29th Infantry Division, in coordination with the Adjutants General of Virginia and Maryland, sponsored the mission for the ARNG and provided the majority of soldiers. Twenty-two other states are represented with volunteers, demonstrating the accessibility and flexibility of ARNG forces in responding to the ever-increasing role of the National Guard in operations other than war.

In 1994, 22,314 Army Guard soldiers trained in overseas exercises, supported missions with the overseas combatant command and United Nations peacekeeping forces and provided units in support of each regional CINC's strategies for nation assistance.

The National Guard deployed military police platoons to Panama and Honduras to augment existing forces. About 800 soldiers deployed to Panama to attend the Jungle Operations Training Center. Almost 350 medical personnel deployed to U.S. Southern Command and U.S. Atlantic Command to provide medical and dental care and preventative medicine education to local populations. About 6,200 National Guard soldiers deployed overseas to conduct humanitarian and civic activities and host nation missions.

Other accomplishments include: the deployment of 3,312 soldiers to the Return of Equipment from Europe (RETROEUR) programs; deployment to train with the active Army in the Battle

Command Training Program and Combat Training Center exercises in U.S. Army Europe (USAEUR); as well as deployments to all theaters for JCS exercises, such as FUERTES CAMINOS, FUERZAS UNIDAS, BRIGHT STAR, ATLANTIC RESOLVE, TRADEWINDS, ULCHI FOCUS LENS, KEEN EDGE and NORTHWIND.

State Missions

The Army and Air National Guard in the 54 states and territories are the first military responders for a state emergency. They are employed in State Active Duty (SAD) status in accordance with applicable state laws under executive order of the governor. When not in federal service, the National Guard is a state organization, comprised of volunteers. Each state governor is the commander-in-chief of his or her National Guard and command is exercised through the respective state adjutant general. State missions for FY94 were highlighted by rapid responses to domestic emergencies, counterdrug operations, and nation building within the United States.

Domestic Emergencies. FY94 had barely begun when wild land and forest fires raged through the California countryside followed closely by the Los Angeles earthquake. While recovery operations continued in California, the greater part of the Midwest, South-Central and East Coast portions of the country were hit by savage winter snow and ice storms, which brought down power and communications lines and halted transportation systems. During FY94, 7,436 National Guard personnel in 32 states responded to a total of 115 domestic emergency situations using more than 166,000

workdays.

Domestic emergency response by the National Guard has become more prominent. The National Guard plays an integral role in responding to disasters. This reinforces the critical need for a strong Guard presence in the states.

Counterdrug Operations. The 1989 National Defense Authorization Act mandated the Secretary of Defense to provide funding to governors, who submit plans to use their National Guard members to support drug law enforcement agencies' requests. Since that time, the National Guard has played a major role in supporting federal, state and local drug law enforcement agencies. During FY94, soldiers and airmen participated in almost 7,000 operations totaling more than 1.2 million workdays in all 54 states and territories. Guard members assisted in the seizure of more than 265,000 pounds of cocaine, 2,000 pounds of heroin, 872,000 pounds of processed marijuana, 4.8 million cultivated marijuana plants, 831.6 million non-cultivated marijuana plants, 694 pounds of opium, 308 pounds of hashish, 8,000 vehicles, 19,000 weapons and \$236 million in cash. Additionally, the National Guard supported operations that resulted in more than 96,000 arrests.

Many federal, state and local law enforcement agencies now consider National Guard support to be indispensable in their counterdrug efforts. However, at current funding levels, the National Guard is only able to meet about one-third of the law enforcement requests. These requests are expected to increase as National Guard support continues to become more sophisticated, more

efficient and more effective.

Best Trained and Best Equipped

Our vision calls for us to be the "Best Trained and Best Equipped." The following describes some of the many aspects of our readiness posture.

Air National Guard Readiness

The Air National Guard continues to be ready, capable and accessible performing every day as a full partner in the Total Air Force.

Our refuelers continued to support the Icelandic alert rotation, NATO refueling operations, Tanker Task Force, and the tanker channel mission, which are year-round, ongoing refueling missions.

During FY94, as directed by Congress, the ANG assumed several new missions. The responsibility for operating and maintaining the senior scout intelligence systems transferred to the ANG along with the Alaskan rescue missions, and the Rescue Coordination Center and Rescue Detachment.

The Air National Guard assumed command and control of 1st Air Force and the Regional and Sector Operations Centers. In FY95, we begin the operations of the first sector to be transferred, the Northeast Air Defense sector.

During the past year, the Air National Guard also received the first of the B-1B bombers being transferred from the Air Force. These conventional bombers are part of the Air Force's continued efforts to enhance the Guard's participation in the Total Force.

The conversion of the 184th Fighter Group in Kansas will be followed by the 116th Fighter Wing in Georgia, which will convert beginning in FY96.

A major objective of the Air National Guard this past year was to promote the health and well-being of ANG members. The ANG's medical services continues to aggressively maintain readiness by deploying medical units to austere environments. A unit deployed to Africa and treated patients with a variety of infections and diseases uncommon in the United States, but prevalent in many areas of the world. Medical personnel supported Joint Task Force Bravo rendering care to the indigenous population of Honduras. ANG medics also deployed to Belarus to treat patients and foster peace and stability in the newly formed democracy. All missions provided quality training to ANG members and humanitarian assistance to those in need.

ANG Aeromedical Evacuation (AE) units deployed in support of military operations other than war including RESTORE HOPE, RESTORE/UPHOLD DEMOCRACY, SEA SIGNAL and VIGILANT WARRIOR. In addition, AE units supported Southern Spirit, which includes clinical training and AE Crew Augmentation for the 24th Medical Group in Panama.

The FY96 budget request includes funding to support an additional 74 full-time Bioenvironmental Engineering and seven Public Health staff members. New duties are driven by laws and regulations, such as the Pollution Prevention Act, Clean Air Act, and Occupational Safety and Health Act (OSHA). Programs also

include asbestos and lead based paint abatement. Occupational health and environmental monitoring is mandatory. Commanders are liable for penalties and may face imprisonment for failure to comply.

Funding also has been requested to support the implementation of mandatory medical testing. Revised medical standards by the Office of the Secretary of Defense (OSD) and the U.S. Air Force require additional medical screening for cancer. Testing is required to ensure we have a healthy force capable of deployment.

Army National Guard Readiness

To support our federal mission, readiness emphasis in the Army National Guard is to provide fully operational units. Readiness in the ARNG closely parallels the active component. During the past year, there has been a minor fluctuation in unit resources and training levels. Between the July 1993 and July 1994 Unit Status Report (USR), there was a 3 percent decline in overall unit resources and training levels. This is attributed to seasonal trends and implementation of the revised Army Regulation 220-1 incorporating Title XI policy, resulting in a downward trend in personnel readiness.

Title XI mandates created a loss of visibility in the assigned personnel strength and duty military occupational specialty qualification of a unit. However, the National Guard Bureau (NGB) has gained better visibility of nondeployable categories, such as HIV testing and panoramic X-rays. In July 1994, there were 48,398 nondeployable soldiers in the ARNG, an improvement of 769 over the

April figures. That trend of improvement continues.

The Army National Guard has two Special Forces (SF) Groups. Their capabilities and operational readiness has greatly improved due to the Off-Site Agreement between the Department of the Army, the National Guard Bureau and the U.S. Army Reserve. This agreement placed all reserve component SF units in the Army National Guard. As a result, over 600 SF qualified reserve soldiers have joined the Army National Guard. The goal of sustaining 110 percent manning and elevating the SF units to "Project Standard Bearer" status was a complete success. This enhanced and ready force has improved our accessibility to U.S. Army Special Forces Command, U.S. Army Special Operations Command (USSOCOM) and U.S. Army Southern Command and the warfighting Commander-in-Chiefs. The ARNG is currently working with USSOCOM to program and realign force structure to meet operational requirements with a flexible and economical force. USASOC has requested the Department of the Army raise our position on the DA Master Priority List to insure accessibility and to properly resource the force. This will ensure our ARNG SF units are ready and able to respond to America's needs as was demonstrated in the January call-up of two Special Forces companies to Haiti.

A further determinant of the composition of the ARNG's future force structure is the transition of our combat organization from 48 brigades to 42 by 1999. This end state will include 24 Divisional Brigades, 15 Enhanced Readiness Brigades, two strategic reserve brigades and one Scout Group. The structural composition of the 15 Enhanced Brigades is effective September 1996. These will be

of doctrinally approved separate brigade design (armor, mechanized infantry, air assault, and armor cavalry) with enhanced resourcing to meet readiness goals by 1999.

The eight National Guard divisions remain in the 4-3-1 mix of four heavy (armor and mechanized infantry), three medium and one light infantry. These divisions must be retained in the force structure. They represent 120,000 spaces or 30 percent of ARNG force structure providing a strategic hedge. These divisions also have imbedded capabilities, such as medical, aviation, engineer, transportation, maintenance and command and control, which are critical to the performance of our domestic mission. The capabilities of these divisions can be utilized in less than division-size elements for federal missions and are essential when responding to a natural disaster or civil disturbance.

The final outcome of the force stabilization efforts is an equitable distribution of losses throughout the states and territories from today's position through actions programmed through 1999. To counter this, the ARNG's Restructuring Plan will bring each state to an objective force structure allowance by 1999, which represents an average reduction of 5 percent from the 1994 force. Execution of this plan will reallocate units among the states to meet each state's objective.

Readiness Exercises. FY94 was a pivotal year for mobilization exercises (MOBEX) and Operational Readiness Evaluations (ORE) for which requirements grew as funding declined. ARNG mobilization successes demonstrated during Operations Desert Shield and Desert

Storm were the result of a comprehensive ARNG MOBEX program. Mobilization training and preparedness continue as a major objective for the National Guard. These exercises are essential for demonstrating the accessibility and capabilities of the ARNG force.

The ORE Program, a FORSCOM BOLD SHIFT initiative, was fully implemented in FY94 after a FY93 pilot program. The ORE provides unit commanders of all three Army components with a reliable external evaluation of the unit's ability to deploy and perform its wartime mission. The primary focus of the evaluation is the unit's collective training status as a measure of combat readiness. To date, 251 ARNG units have conducted an ORE with a success rate that compares favorably with both the active Army and the USAR.

Readiness and Training. The National Guard is achieving mission readiness both individually and collectively through innovative training supported by high-tech simulations, Overseas Deployment Training (ODT), Civil-Military Cooperation and Humanitarian Action, Unit and Individual Exchanges, training exercises in CONUS, Active Duty for Special Work, and the Key Personnel Update Program, which allows ARNG personnel to train individually with the active component worldwide.

Innovative Training. FY95 continues to be a year of transition and challenges in the training arena. We continued with the development of an integrated training strategy for the fielding of the Enhanced Brigades. We must ensure our ability to report to the mobilization station trained to BOLD SHIFT Standards in 90 days or less at a C-1 level of readiness. During the year, we made

resources available to execute the Unit Leader Development Program (ULDP), the Brigade Command Battle Staff Training (BCBST), annual training leader preparation, Mounted Warfare Training Center and increased gunnery training on the Conduct of Fire Trainer (COFT) within the Enhanced Brigades. These programs are all in addition to the standard 39 days of training allocated during the course of the year.

During FY95, both the 49th Armored Division of Texas and the 29th Infantry Division in Virginia will participate in the Battle Command Training Program (BCTP) and Warfighter Exercise at the National Guard Leader Development Center in Fort Leavenworth, Kansas. During the first phase, the battle staff receives workshops on decision-making, enemy order of battle and BCTP perceptions. After the workshops, the battle staff will receive the corps order and conduct mission analysis. The battle staff will develop and present briefings on mission analysis, COA selection and decision briefs and the OPLAN brief. The goal is for the battle staff to develop a division OPLAN that is 80 percent solution prior to departing. The actual seminar, which is tailored toward the division commander and his primary staff, is made up of a series of workshops, briefings and decision exercises. All of this is designed to enhance division tactical warfighting skills. The Warfighter Exercise, conducted 10 months after the seminar, provides the division commander, staff and subordinate commands an opportunity to exercise the order under simulated combat conditions.

The ARNG completed more flying hours than any other major command in the Army. Over 340,000 hours were flown in 13 different aircraft, accounting for 28 percent of the Army's flight hours. This aggressive training program was executed with zero Class A aviation accidents. This excellent safety record is an outstanding accomplishment.

Finally, as a training highpoint, the Army National Guard took the lead in developing the distance learning initiatives within the Department of Defense. Guard soldiers completed the Distributed Training Advanced Non-commissioned Officer course for Armor, which was accomplished by transmitting reconfigured course material from the armor school via satellite to video teletraining sites in Montana, Idaho, Pennsylvania and Vermont. The course included a two-week resident phase, but the obvious advantages of distance learning are in terms of reduced travel funding and employer and employee problems. Continued funding of this initiative will allow the Army to move away from expensive and relatively inflexible resident training to timely and responsive distance learning.

Training Exercises in the Continental United States (CONUS).

The Army National Guard participated in numerous exercises sponsored by unified commands. CASCADE PEAK, held at Fort Lewis, Washington, was the integration of active component I Corps units and the ARNG "bridge" units, which provided a potent warfighting capability. ROVING SANDS '95, a co-sponsored exercise by USACOM and FORSCOM, is an air defense focused event held annually at Fort Bliss, Texas. ARNG units played a critical role in defeating the

opposing force's air and missile assets.

A pilot civil-military "nation-building" program is underway in New Mexico. The Navajo nation with territory in four southwestern states, Utah, Arizona, Colorado and New Mexico, is in need of various infrastructure work, which the National Guard can assist in partnership with the state and the Navajo nation. This project demonstrates Guard capabilities in meeting civil military objectives.

Recruiting and Retaining the Best People

The ANG FY96 budget allows 109,458 total military authorizations. This is a decrease from a programmed level of 115,581 in FY95. This decrease is based on the Total Force requirement and reflects a force structure which has been revised based on the world threat. Full-time requirements are also based on the force structure and the roles and missions assigned. Technician manning decreases from a programmed level of 24,218 in FY95 to 22,558 in FY96. The Title 5 civilian manning increases from 1,726 in FY95 to 1,819 in FY96. Finally, the Active Guard/Reserve (AGR) program increases from 9,098 in FY95 to 9,817 in FY96.

The ARNG FY96 end strength objective is 373,000 consisting of 42,894 commissioned and warrant officers and 330,105 enlisted members. To attain this goal, enlisted gains are programmed at 55,180 and officer gains at 3,891.

Our recruiting and retention efforts are greatly enhanced by the Montgomery GI Bill.

Equipment

The Air National Guard has undergone a series of conversions as we adjust our force structure.

The 155th and 163rd Reconnaissance Groups in Lincoln, Nebraska and at March Air Force Base, California, respectively, converted to the KC-135 tanker from the RF-4. The 154th Composite Group at Hickam Air Force Base, Hawaii received four KC-135Rs, which enhanced their air refueling capability. Also, about half of the air refueling missions are now equipped with KC-135R models.

The 107th Fighter Group in Niagara Falls, New York and the 191st Fighter Group at Selfridge Air National Guard Base, Michigan converted from the air defense to the air refueling and airlift missions.

Our budget supports the funds necessary to beddown, operate and maintain two KC-135R aircrew simulators. With the increase in KC-135R models and the requirement for tanker crews to attend annual simulator training, the ANG needed an efficient and cost-effective way to maintain aircrew proficiency.

Our KC-135 air refueling units have received a state-of-the-art computerized training system. This ground-based system will significantly enhance our aircrews' systems knowledge and lead to a safer flying environment. This self-paced training system is perfectly suited for training our traditional Guard members.

Modernization of our fighter and airlift force continued. Most F-16 units are now flying the F-16C/D series, and our airlift units are now equipped with C-130F/H models.

Over the past year, five units have undergone major conversions to different weapon systems and six units have changed aircraft series. FY95 will include three more major conversions and an additional six series changes.

The Air National Guard has received the first of 10 C-26 aircraft, modified with FLIR camera pods, to enhance our ability to participate in the counterdrug program.

Modern state-of-the-art combat equipment is critical to the support of our mission support units as well as our flying units. One critical area is command and control. While there have been significant improvements in modernizing ANG combat communications and tactical air control system equipment, the requirement for additional equipment to fully modernize remains an issue of concern. This situation becomes particularly aggravated since about 70 percent of the Air Force's combat communications and tactical air control is in the Air National Guard.

The congressionally directed Dedicated Procurement Program (DPP) will contribute \$700 million to improve the ARNG equipment on-hand readiness status. This program will provide resources to purchase night vision and logistical support equipment and tactical trucks and trailers and wheeled vehicle modernization. Congress has provided DPP funds of about \$3.6 billion for the Army National Guard over the past 12 years. The program has helped the ARNG achieve its highest level of readiness and insured increased compatibility with the active Army.

The ARNG continues to resource its first deploying, high

priority units with 100 percent of the authorized equipment. The Project Standard Bearer initiative maintains a steady flow of the most modern systems available to those units.

FY96 will see the ARNG continue its purchases of state-of-the-art equipment for force modernization, including tactical wheeled vehicles, combat vehicles, such as the M1A1, Bradley M2A2/M3A3, Multiple-Launch Rocket System, Paladin, Patriot Missile, communications and electronic equipment, modular medical sets and bulldozers.

The ARNG Force Modernization effort continues to press toward a totally capable and fully interoperable Total Army force. Equipment flowing to the ARNG from the RETROEUR repair sites is increasing Equipment-on-Hand rates improving readiness in units throughout the force. Additionally, the ARNG sponsored a team to visit the Director, Resource Management Offices in Europe for items that were serviceable and represented valid Modified Table of Organization and Equipment shortages. This team has gathered over \$65 million in equipment that has either been returned to CONUS or is awaiting shipment.

Facilities and Engineering

As the Air National Guard undergoes changes and missions are transferred from the active force, facility dollars are required to support the aircraft conversions. Similarly, the military construction identified for current missions is continually diverted to support new missions. We currently operate in facilities that average the oldest in the Air Force inventory, over

35 years.

Increased funding to support facilities and infrastructure is mandatory. If we are forced to operate out of old buildings, we must maintain them better. With reduced funding to construct new facilities and a similar scenario for dollars to maintain and repair them, we are facing a challenge in meeting our infrastructure requirements, which could degrade our operational readiness. The long-term, nominal-cost land leases are becoming more difficult to extend. The lessors are no longer willing to lease at less than fair market value to the government. The Army National Guard owns 3,041 and leases 91 armories at 2,723 different locations in 2,488 communities in the 54 states and territories. In addition, the Army National Guard supports the operations and maintenance of 21,766 training, aviation, and logistical facilities on 3,393 installations in 2,670 communities. These facilities support the administration and training of troops and shelter assigned equipment, aircraft, and maintenance personnel. Adequate facilities are required to sustain unit readiness and meet mission objectives.

FY95 military construction appropriations provided by Congress totaled \$188.062 million. Congressional add-ons accounted for 60 projects totaling \$178.133 million.

In FY95, \$150.0 million was provided to the states for Real Property O&M. With the exception of FY95, each year, the ARNG has less money to operate, repair and maintain more space. Without increased resources to support the growth in facilities, the FY95

backlog of maintenance and repair grew to an all-time high of \$242 million and continues to grow. The FY 96 MILCON budget provides \$10.28 million for seven projects.

In 1988, about \$3.91 per square foot was available to operate and maintain ARNG facilities. Today, \$2.64 per square foot is obtained. In FY96, the ARNG will provide operations, maintenance, and repairs for 57.5 million square feet with only \$1.91 per square foot.

Quality Investment for America

Our state mission extends itself into the communities of America. Crime, homelessness, drug abuse and homicides are threatening the infrastructure of our democratic society. The National Guard, through its unique community connection, provides successful intervention through youth programs and medical assistance to underserved communities.

Drug Demand Reduction. Working with local community groups and coalitions, the National Guard is playing a significant role in the national strategy of a drug-free environment for America's youth. Drug Demand Reduction programs reached a public audience of more than five million citizens throughout the nation last year. Since its inception, the Drug Demand Reduction program has evolved into more than 5,000 activities nationwide that National Guard soldiers, airmen and their families voluntarily support. These activities are a result of a community-based needs assessment designed to target the local drug threat. The National Guard is the supporting mechanism allowing local community groups to lead the way.

Minimizing operating costs by utilizing National Guard resources and strongly emphasizing volunteerism, we have become a force multiplier. A combination of National Guard members and civilian volunteers supporting the Drug Demand Reduction program exceeded 52,000 people.

ChalleNGe and STARBASE Youth Programs. During FY94, our ChalleNGe program, designed to enable high school dropouts between 16 and 18 years of age attain a General Examination Development (GED) diploma, develop life and job skills, and take part in community service projects, expanded from 10 to 15 states. The class size for this co-educational program varies by state ranging from 100-400 students. Seventy-three percent of the students enrolling in the program completed the residential phase and 75 percent of those completed the GED in residence. An additional 7 percent completed their GED during the post-residential portion of the program.

The National Guard STARBASE (Science and Technology Academies Reinforcing Basic Aviation and Space Exploration) expanded from seven to 13 states in FY 94. STARBASE is a five-day science and math enrichment course conducted at 12 National Guard installations. The program stimulates the at-risk child's interest in math and science in order to attract him to further study or to pursue possible careers in math, science or technology related fields.

In a "spin-off" of STARBASE, we established the first FBI/National Guard STARBASE Academy at Quantico, Virginia. This

joint partnership between the Federal Bureau of Investigation, the National Guard, the U.S. Marine Corps and private sector sponsors allowed 30 students from seven STARBASE states to participate in the week-long program. Program participants received instruction in state-of-the-art law enforcement technology. Planning is underway for the 1995 academy this spring. FY95 was the final year of the three-year youth programs pilot program. We believe that the positive effects of the programs are evident and should result in their continuation and expansion.

Operation GuardCare. The primary goal of Operation GuardCare is to provide readiness training for National Guard medical personnel while providing support to the public health departments in medically underserved communities. Operation GuardCare exercises may include immunizations, medical and dental screening, diagnosis, and general health education counseling. In FY95, 14 states participated in this program and screened 12,547 patients. A total of 1,239 soldiers and airmen received medical training. In FY94, \$3 million was appropriated for the program and \$2.1 million was distributed to the states. In FY95, \$5 million was appropriated for O&M costs, but no additional funds for Pay and Allowances. A report will be submitted to the Congress on the effectiveness of the program to include training value for Guard personnel as well as benefits to the community. The report also will make recommendations as whether to institutionalize the program.

CareForce Training. The National Guard Bureau is working with the Office of the Assistant Secretary of Defense for Reserve

Equal Opportunity

Equal Opportunity is a top priority in the National Guard. Our goal is to guarantee each man and woman, military and civilian, equal opportunity for entry and advancement in the National Guard in an environment free from discrimination, cultural bias and sexual harrassment.

Because of our close ties to the community, the National Guard closely reflects the cultural values and norms of the communities that we serve and from which we draw our people. Over the past 30 years, we have evolved from an era of racial segregation and exclusion to an era of enlightened leadership, valuing diversity and commitment in our Human Goals Charter, to make the National Guard a leader in equal opportunity. We have assumed an aggressive and proactive stand to emphasize progress toward achieving diversity throughout our ranks.

Today, the National Guard mirrors America more than ever. Minorities comprise 25 percent of the Army Guard and 18 percent of the Air National Guard. But our major challenge remains the glass ceiling - the upper third of the enlisted structure and the officer corps - where minorities are present in significantly lower numbers. We are working, with the assistance of state and national level equal opportunity councils, to focus leadership energy on identifying, developing and mentoring minority leaders for today and tomorrow.

Women represent 7.7 percent of the Army National Guard and 14.5 percent of the Air National Guard. The opening of combat

Affairs on a draft medical training concept, which will provide readiness training to our medical personnel while contributing support in the medically underserved communities. CareForce would provide qualitatively enhanced, "hands-on" readiness training in initial trauma and mass casualty care. It also would allow Guard personnel to train and assist in trauma centers of underserved and understaffed communities. Additionally, CareForce would explore distance learning through the Internet and utilization of an interactive computer program as a cost-effective medium for extending and standardizing trauma training to the medical unit or individual. CareForce would also measure the program's training effectiveness through a demonstration training assessment platform known as "Operation Arch Angel."

National Guard Family Program. Presently, all 54 states and territories have a State Family Program Coordinator with Family Support Programs. These programs enable the National Guard to provide information and referral assistance for any military family located away from an active duty installation. In FY94, more than 5,000 family support volunteers and military members received training. The benefits of such training contribute directly to the Guard in terms of family readiness and Guard member retention. In FY95, we intend to release a national marketing plan to reinforce our structure of centralized policy and decentralized implementation. Our goal is to continue to provide the most effective and efficient services for all our military families.

aircraft positions to women has greatly increased career opportunities for women in the Air National Guard. Women can now serve in 99 percent of our ANG positions. In the Army National Guard, the ground combat assignment restrictions, coupled with the large percentage of ARNG combat units, presents a special set of challenges to the fullest utilization of women. However, 52 percent of ARNG positions are now open to women. We are committed to providing maximum opportunities to women in non-traditional career fields.

A critical element in the equal opportunity equation, one that I have made a major priority during my first year as chief, is the prevention and eradication of sexual harassment. I am committed to a clear, strong, proactive stand against sexual harassment. It will not be tolerated. I am advocating training for all Guard members and zero tolerance of sexual harassment throughout our ranks.

We recognize that equal opportunity is first and foremost a leadership issue. It must be actively pursued at the national level and by the adjutants general and key commanders of every state for the National Guard to meet our readiness mission with the changing demographics of the 21st century.

Protecting the Environment

We are interested in both the people and environmental quality of life for our communities. As citizen-soldiers, National Guard men and women have a long history of protecting our communities. An extension of this is our environmental programs.

The Air National Guard: Preserving the Environment. In accordance with DoD's Environmental Security mission, the Air National Guard has implemented a comprehensive environmental protection program at over 170 ANG locations. The ANG environmental program focuses on Cleanup, Compliance, Pollution Prevention, Environmental Planning and Airspace.

Cleanup. The Air National Guard has about 700 Installation Storage Sites. Of these sites, 291 are categorized as "No Further Remedial Action Proposed." The remainder are either in the study or cleanup phase.

Compliance. The success of the ANG's efforts to comply with federal and state regulations is evidenced by a continuous reduction in notices of violation received as a result of inspections by federal and state regulators. In 1992, the ANG had 61 open enforcement actions. Currently, the ANG has 28. This success is largely due to the ANG Environmental Compliance Assessment Management Program (ECAMP).

Pollution Prevention. Baseline surveys and opportunity assessments are serving as the foundation elements of the ANG installation pollution prevention plans, which provide the means to identify alternatives to the use of hazardous materials. ANG installations have recycling programs that minimize the amount of trash going to landfills. A major initiative being tested is the hazardous materials (HAZMAT) pharmacy. We have eight bases establishing a HAZMAT and plan to develop this concept for all bases. Another major goal is to eliminate hazardous solvents. We

have purchased high pressure, aqueous parts washers and non-hazardous, recirculating solvent parts washers to replace commercially contracted solvent vats used for cleaning parts.

Environmental Planning. The large number of ANG aircraft modernizations and conversions require a thorough process for environmental assessment and impact statements. The success of the Environmental Analysis program is measured by the fact that ANG unit conversions continue to occur on schedule with no interruption due to environmental issues. One major reason for this success is that the ANG actively solicits public input and support throughout the environmental analysis process.

Airspace. The ANG has always recognized the necessary link between aircraft operations and the environment. Aircraft noise is how most of the public comes in contact with the ANG. Recognizing this, the ANG decided to approach this issue in a programmatic manner and establish an Airspace Management Branch within the Environmental Division. The ANG regional airspace committee structure and the National Airspace Committee are fully active and have experienced unprecedented success working with aviation functions within DoD as well as other federal agencies.

The Army National Guard: Preserving the Environment. The ARNG emphasizes four environmental goals: compliance, conservation, restoration and prevention.

Compliance. The ARNG continues to move forward with increased efforts to comply with the Clean Air Act by conducting air surveys at all facilities. Bringing washracks into compliance with the

Clean Water Act also is a massive effort for the ARNG.

Conservation. Maintaining readiness requires intensive use of our training areas. The Integrated Training Management program matches the military training load with the environmental capacities of our lands to avoid overuse and costly restoration and mitigation. Integrated Natural Resources Management Plans provide for the effective management of natural resources and for the protection of threatened and endangered species, wetlands, soils, and biodiversity. Three plans have been completed and 17 started this year.

Restoration. The IRP is committed to protecting human health and the environment through proactive and customer-oriented investigation and restoration of past and current areas of contamination. The program strives for timely investigations and restoration of contaminated areas resulting from past hazardous waste disposal practices, as well as remediating current spills and leaking underground storage tanks.

More than \$17 million was spent on IRP projects. Restoration activities from FY 94-95 will increase significantly. The number of Preliminary Assessments will increase from 33 to 59. Remedial investigations will increase from 17 to 42, and remedial actions will increase from eight to 19. In addition, 65 underground tank and 28 spill restoration projects have been funded for FY95. More than \$16 million is currently programmed for IRP projects in FY95.

Prevention. Through the Environmental Compliance Assessment System, the ARNG will evaluate the compliance status of each

facility in every state and territory. Through FY94, we have conducted studies in 40 states and territories with the remaining programmed for completion by the end of FY95.

Conclusion

As we celebrate the 358th anniversary of the National Guard, we take pride in the countless accomplishments of our soldiers and airmen. We are both a federal force and a state militia. Today, in 1995, the National Guard is a full partner in the Total Force of the world's only superpower. Our participation in Operations Desert Shield and Desert Storm, deployments to Somalia, Bosnia, Haiti and the Sinai and other federal missions, plus our superb performance responding to floods, fires, hurricanes and other domestic emergencies, are testimony to our access, training, dedication and commitment to service.

We would, however, be naive to rest on our laurels and ignore the challenges that lie ahead. The days of plenty are behind us. We have to make every defense dollar count toward readiness. We realize that there is no longer the potential for everyone to get every program or piece of equipment they want. It is for this reason we will marshal our resources and concentrate our efforts on obtaining those things that will best benefit the National Guard as a whole. We will make every effort to preserve the investment and will strive to create a situation of "haves and have mores" instead of "haves and have nots." Our priorities are: a stabilized force structure, full-time support, operations and maintenance funding equal to the requirement. We will continue to provide our country

with a community-based force that is highly motivated and ready to perform, best trained and best equipped and an excellent investment for America.

STATEMENT BY
MAJOR GENERAL JOHN R. D'ARAUJO, JR.
DIRECTOR, ARMY NATIONAL GUARD
UNITED STATES ARMY

BEFORE THE
SUBCOMMITTEE ON PERSONNEL
COMMITTEE ON NATIONAL SECURITY

UNITED STATES HOUSE OF REPRESENTATIVES
FIRST SESSION, 104TH CONGRESS
NATIONAL GUARD AND RESERVE PROGRAMS

23 MARCH 1995

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HOUSE NATIONAL SECURITY COMMITTEE



Maj. Gen. John R. D'Arzujo Jr.
Director, Army National Guard

Executive Summary

The Army National Guard continues to break new ground with soldier volunteers deploying overseas for real-world missions, supporting peacekeeping operations at home and abroad as well as forging new international relationships as part of the Guard's State Partnership Program to support emerging democracies in Eastern Europe. This spirit of volunteerism comes at a time when demands on our leaders and soldiers to maintain high levels of individual and unit readiness, respond to domestic emergencies and natural disasters, and assist their communities have never been greater.

In 1994, more than 22,000 Army Guard soldiers participated in overseas training and operational missions in 36 countries. More than 400 Army Guard volunteers from 24 states are currently serving as part of the 82nd Airborne Division's battalion task force in the Sinai. Three Guard military police companies volunteered for duty at CONUS installations to replace active Army soldiers deployed to Haiti for Operation Uphold Democracy. Two Special Forces units also deployed to Haiti for the operation while other military police platoons went to Panama and Honduras to augment existing forces there.

Our soldiers answered the call for domestic missions, responding to 88 natural disasters and 326 other emergencies. More than 27,000 soldiers from America's community-based military force fought forest fires in the Pacific Northwest, aided earthquake victims in Southern California and flood victims throughout the Southeast.

These major accomplishments and contributions underscore the Guard's capability to respond with trained and ready citizen-soldier volunteers to take on any mission. As we continue on our journey to the 21st Century, we will strive to preserve the fundamental strengths of the National Guard: its people and their unique ties to our states and communities. We will continue to focus on improving our readiness by minimizing personnel turbulence, maintaining full-time support and ensuring our soldiers have the resources to effectively accomplish whatever our nation and states ask of us. Our soldiers and their families remain steadfast in their resolve to serve America and America's Army with distinction.

OUR VISION

A balanced warfighting land force with embedded domestic capabilities ... a resourced, ready and relevant community-based military force for the 21st Century

OUR PRIORITIES

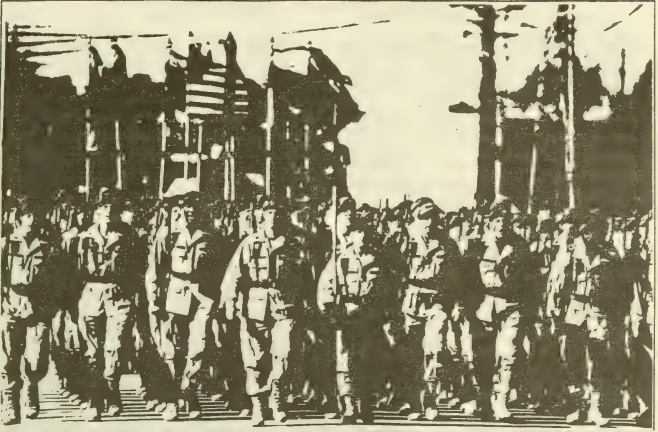
Stabilize Force Structure Allowance and End Strength

Maintain Full-Time Support

Resource the Force to be Trained and Ready

Army National Guard Posture Statement - Fiscal Year 1996

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More than 400 Guard soldiers from 24 states marched into history, Nov. 4, 1994, as part of the first ever tri-component MFO-Sinal task force. The Guard soldiers comprised 72 percent of the light infantry battalion and filled 45 percent of the leadership positions.

INTRODUCTION

The National Guard has served nation, state and community for 358 years, from long before Lexington and Concord, through both World Wars, Korea, Vietnam, the Gulf War and recently in support of Operation Uphold Democracy in Haiti. The National Guard's role as the primary federal military reserve was established by the Constitution and confirmed by statute over two hundred years ago. Today, the National Guard remains a full partner in the Total Force equally available and ready for both state and federal missions.

The National Guard's federal mission is to maintain properly trained and equipped units available for prompt mobilization for war,

national emergency or as otherwise needed. Our state mission is to provide trained and disciplined forces for domestic emergencies or as otherwise required by state laws.

To meet these requirements, the Army National Guard's force structure is balanced to support both international and domestic requirements. At the federal level, the Guard provides decisive land combat power for major war and essential combat support and service support units for contingency operations. At the state and community level, the Guard adds value to America and provides a return on investment through community service and domestic support capabilities embedded in its units.

REAL-WORLD MISSIONS

Sinai. In January 1995, more than 400 Army National Guard soldiers from 24 states deployed to the Sinai as part of the 82nd Airborne Division's 4th Battalion, 505th Parachute Infantry Regiment. The light infantry task force, known as "Desert Panthers," was activated in early November for six months of duty as part of the Multi-National Force and Observers (MFO) Sinai mission. It was the first tri-component unit of its kind comprised of 72.2 percent Guard, 20.3 percent active and 7.5 percent Reserve soldiers. Guard soldiers also occupied more than 45 percent of the unit's key leadership positions. Initial training began in August 1994 and focused on leadership, common soldier skills, and a rigorous 12 weeks on MFO-specific tasks. This historic venture grew out of the Guard's Operational Integration Program and was approved by Gen. Gordon R. Sullivan, Chief of Staff of the Army, on Oct. 8, 1993. The MFO Sinai mission dates back to 1982 and is comprised of about 2,000 soldiers from 11 nations.

Haiti. Three Guard military police companies with about 400 soldiers were mobilized in late September and early October 1994 to replace active Army MPs deployed to Haiti for Operation Uphold Democracy. The 544th from Puerto Rico, 670th from California and 855th from Arizona, all combat support MP companies, performed garrison duty at Ft.

Bragg, N.C., Ft. Drum, N.Y., and Ft. Polk, La. Most soldiers were released from active duty by December 1994 with about 35 California soldiers remaining at Ft. Drum, N.Y. until February 1995. Another 115 soldiers from the New York Army National Guard provided deployment assistance for the 10th Mountain Division (Light Infantry). Full-time Guard



Brig. Gen. Joseph P. Langley, Commander, 29th Infantry Division (Light) speaks to the troops about their upcoming deployment to the Sinai. The 29th sponsored the Army Guard's MFO Sinai Initiative.

personnel from Mississippi, Puerto Rico, New Jersey and the District of Columbia also supported other active component forces. More than 165 Guard Special Forces soldiers from Colorado, California, Alabama, and Massachusetts deployed to Haiti in mid-January 1995 to assist active Army units there. Guard soldiers from Missouri and Maryland helped to shrink-wrap helicopters for the 10th Division's return to Ft. Drum, N.Y. in early February 1995. About 1,600 Army National Guard volunteers, nationwide, were available for the operation, if needed.

Panama and Honduras. Army National Guard military police platoons deployed to Panama and Honduras to augment existing forces in Central America. About 800 soldiers deployed to Panama for jungle training and 350 Guard medical personnel deployed to the U.S. Southern Command and U.S. Atlantic Command to provide medical and dental care and patient education to local populations. Approximately 6,200 Guard soldiers supported Humanitarian and Civic Activities and other host nation missions such as the construction/renovation of over 27 kilometers of road, 31 schools, 34 medical clinics and a home for the elderly.



Spec. Steve Porzelski, a heavy equipment mechanic with the Missouri Army National Guard's 220th Engineer Company, performs maintenance during his two weeks of annual training in Panama.

Somalia. An Army National Guard team assisted in the hand-off of the peace-keeping mission in Somalia. In February 1994 the team traveled to Somalia to train Pakistani pilots, maintenance personnel, and armament

specialists for the AH-1S Cobra helicopter. The Cobras were transferred from the Hawaii Army National Guard. In this hemisphere, we sent a fixed wing instructor pilot to Argentina to train local pilots to use aircraft sensors in the War on Drugs. Despite the austere conditions associated with overseas deployment and training, these programs were a complete success.

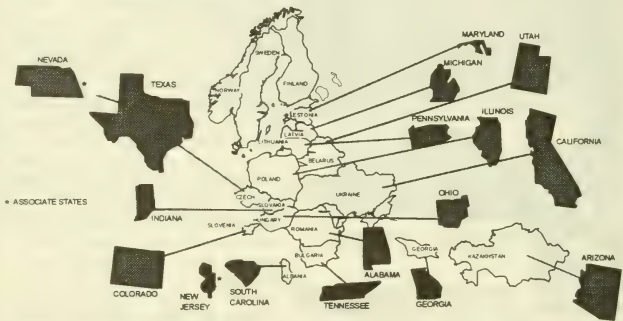
Operational Support Airlift. The Army National Guard will assume responsibility for all Army service support airlift missions within the continental U.S. in October 1995. The complete transfer of the day-to-day operational mission from the active Army to the Guard's Operational Support Airlift Command is the first of its kind. The Guard will serve as the Army's command and control and executive agent for all fixed-wing aircraft. The merger achieves an economy of scale, improves aircraft scheduling, avoids intraservice redundancy and increases return on investment by incorporating state controlled aircraft into command operations. Along with the mission transfer, the Army will provide the aircraft and the funding for the Guard to replace currently assigned active Army soldiers. The Army has requested a Congressional increase for Active Guard and Reserve (AGR) strength by 190, in the appropriate grades, to perform this mission. Traditional drill-status Guard soldiers also augment active Army and full-time AGR personnel.

In 1994, the Army Guard executed 12,588 Operational Support missions, transported 57,322 passengers, lifted 124,237 pounds of cargo and flew over 26,000 flying hours, at a cost avoidance of \$16.1 million. Performance of these missions in 1995 is expected to increase and reach 75,000 flying hours by Fiscal Year 1996.

Europe. The Army and Air National Guard continued supporting the President's National Security Strategy goal of promoting democracy abroad through its State Partnership Program. National Guard organizations from 16 states have formed partnerships with 14 countries of Eastern Europe and the former Soviet Union. The Guard provides a bridge linking U.S. democratization efforts abroad with grassroots America. The goals of the program are to provide peacetime assistance, serve as role

models for civilian control over military forces and provide assistance during domestic emergencies in those countries. Guard members have provided these countries with expertise in military organization and training with emphasis on reserve component operations and military support to civil authorities. The Guard has also supported military liaison teams, traveling contact teams and hosted familiarization tours by more than 200 foreign and military leaders to the U.S.

National Guard PARTNERSHIP STATES





Forest fires in the Pacific Northwest in the summer prompted the largest mobilization in the history of the Washington National Guard.

MISSIONS ON THE HOME FRONT

Disaster Relief and Emergency Response.

The balanced structure of the Army Guard provides the governors of our states and territories with the bonus of a well trained, "forward-deployed" force capable of protecting life and property in civil emergencies. In 1994, the men and women of the Army National Guard sustained high levels of individual and unit readiness while responding to 88 natural disasters and 326 other emergencies. More than 27,000 soldiers from America's community-based military force fought forest fires in the Pacific Northwest, aided earthquake victims in Southern California and helped flood victims throughout the Southeast.

Historic Levels. The Guard's support to civil authorities surged three years ago in response to the Los Angeles riot and Hurricanes Andrew and Iniki. In 1993, nearly 11,000 Guard soldiers responded to the Midwest floods and National Guard domestic missions in 1994 nearly equaled these historic levels because of the Southeastern flood, California's Northridge earthquake, the wildfires in the northwest United States and the southeast Texas and Georgia floods.

Interstate Compacts. Several years ago, the Southern Governor's Association adopted a comprehensive interstate compact which

includes interstate use of National Guard troops for mutual aid and support. The compact was tested during several natural disasters and proved successful. As a result, last October the Southern Governor's Association proposed opening participation in the Southern Regional Emergency Management Compact to all U.S. states and territories.



The Tugaloo River in South Carolina overflowed its banks following heavy rains from Tropical Storm Beryl, Aug 16. Elements of the South Carolina National Guard were activated after the storm to help with evacuation of local residents.

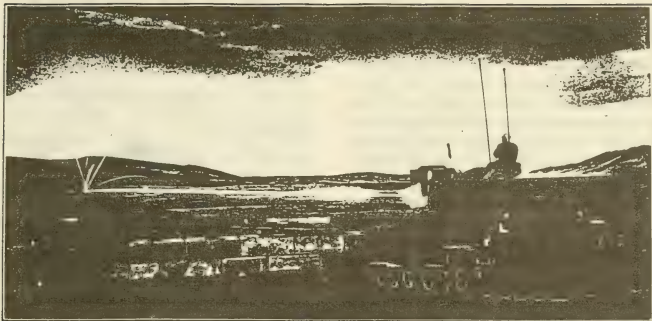
Medical Support and Operations.

Last year, Congress authorized the National Guard to continue the pilot program to provide health care in medically underserved communities in the United States. This program, known as *Operation GuardCare*, is conducted in a federal training status. Fourteen States — Alabama, Arkansas, Colorado, Florida, Iowa, Kentucky, Michigan, Missouri, Mississippi, North Carolina, Nevada, Ohio, South Carolina, Tennessee — have cooperative agreements with National Guard Bureau and the Assistant Secretary of Defense

for Reserve Affairs to operate in a federal training status. Two other states, Washington and Maryland, have a cooperative agreement to operate in a state active duty status. These 16 states conducted 41 missions, screened 18,802 patients, administered 10,406 immunizations, referred 1,842 patients for follow-on care and provided training for 1,789 Guard personnel. *Operation GuardCare* provides realistic training for Guard medical personnel and benefits America's medically underserved communities.

Domestic Support Mission Summary.

Fiscal Year	Call-Ups	Personnel	Total Workdays(WD)	Avg WD/Month
94	414	27,063	404,291	33,690
93	326	33,712	474,218	39,518
92	322	27,782	374,966	31,247
91	337	7,848	44,804	3,733



A Bradley Fighting Vehicle from the 161st Infantry Brigade's Company A in Wenatchee, Wash., lights the night sky with a 25mm round at the Yakima Training Center, Wash.

OUR FOCUS: READINESS

Readiness is our number one priority. It is the foundation of our credibility as a deterrent hedge — our relevance to the nation and to the other components of the Total Force. When the nation calls, whether it be to fight wildfires consuming the forests of the Pacific Northwest, to participate in the coalition ejecting Saddam Hussein from Kuwait or to be part of a multinational peacekeeping force in the Sinai Desert, the American people must know with absolute confidence that their Army National Guard is trained and ready.

Managing Readiness. Adapting to the wide variety of potential threats to our national security is difficult, and even more so in this period of constrained resources. For this reason, the Army National Guard has undergone a fundamental cultural change in developing a program of "managed readiness."

Managed readiness enhances the cost-effectiveness of the National Guard by maintaining a highly capable and expansible force at varying degrees of readiness to meet potential international or domestic challenges.

In 1994, overall unit resources and training levels remained relatively stable. Minor fluctuations in readiness were reported following the Army's implementation of a revised readiness reporting system early last year. The Army National Guard has been the leader in improving the readiness of early deploying units. Project Standard Bearer, the Army National Guard's readiness initiative started in 1991, prioritizes resources for Contingency Force Pool units and Roundup and Roundout brigades, the predecessors of the enhanced readiness combat brigades to be fielded in Fiscal Year 1999.

Stabilize and shape the force. Stabilizing the Army Guard's force structure is essential to maintaining readiness. Current plans reduce the Army Guard from 420,000 force structure spaces with 387,000 soldiers this year to 405,000 force structure spaces and 367,000 soldiers in Fiscal Year 1998 and thereafter. By 1999, the Army Guard will retain its balanced land force of combat, combat support and combat service support units. The Guard will have the capability to perform its federal missions along the entire spectrum from early deployment during contingencies, operations other than war and serve as strategic insurance for protracted conflicts. The 1999 force structure will include 341 early deploying contingency force pool units, 15 early deploying "enhanced readiness" combat brigades (including one armored cavalry regiment), two Special Forces Groups, and 8 fully structured combat divisions, two separate brigades and a scout group in Alaska in strategic reserve, as well as other support forces and a mobilization/training base.

DEFINITIONS

ABOVE THE LINE: ALL DIVISION AND COMBAT BRIGADE UNITS

BELOW THE LINE: ALL NON-DIVISIONAL SUPPORT UNITS

*COMBAT (DIV & BDE):

INFANTRY	MANEUVER
ARMOR	

FIELD ARTILLERY	OTHER
AIR DEFENSE	COMBAT
COMBAT ENGINEERS	
SPECIAL FORCES	

*COMBAT SUPPORT:

AIR DEFENSE
AVIATION
CHEMICAL
ENGINEERS
FIELD ARTILLERY
HQ (HEADQUARTERS ELEMENTS)
MILITARY INTELLIGENCE
MILITARY POLICE (CS)
SIGNAL CORPS

*COMBAT SERVICE SUPPORT:

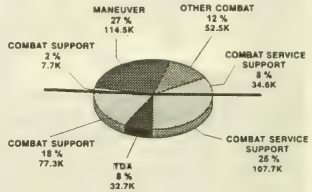
ADJUTANT GENERAL	MILITARY POLICE (EPW)
MEDICAL	CHAPLAIN
QUARTERMASTER	JUDGE ADVOCATE GENERAL
TRANSPORTATION	ORDNANCE
CIVIL AFFAIRS	PUBLIC AFFAIRS
FINANCE	MILITARY HISTORY

TDA: TRAINING, MOBILIZATION, DEPLOYMENT, & INSTALLATION SUPPORT UNITS

* JCS DEFINITIONS (JCS PUB 1-03.3)

1993 FORCE STRUCTURE 427,000

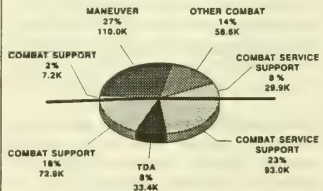
49% ABOVE THE LINE (DIVISIONS & BRIGADES)



51% BELOW THE LINE (SUPPORT FORCES)

1999 FORCE STRUCTURE 405,000

51% ABOVE THE LINE (DIVISIONS & BRIGADES)

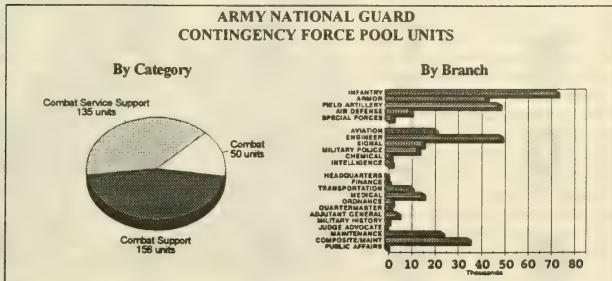
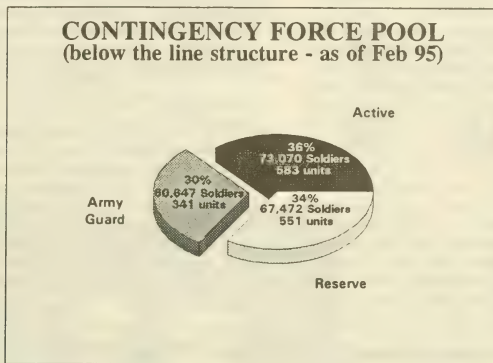


49% BELOW THE LINE (SUPPORT FORCES)

Contingency Force Pool (CFP) units in Support Packages 1 through 4 are the highest priority units. We achieved and sustained the highest readiness among these 145 early deploying units of all three Army components primarily as a result of our Project Standard Bearer initiative. However, because of changes in reporting criteria, we are reporting minor declines in personnel readiness while equipment

serviceability has improved. The 196 units in CFP Support Packages 5 through 7 are the combat support and service support units that sustain the three-and-one-third active divisions and other members of the Early Reinforcing Force. During Fiscal Year 1994, equipment on-hand readiness increased by two percent, and equipment serviceability and training both increased by one percent.

The number of Army Guard units in the Contingency Force Pool is programmed to increase with the addition of Special Forces and selected Field Artillery units. Today 89 percent of all Guard Contingency Force Pool units meet DoD standards for deployment.



Enhanced Readiness Brigades. The Department of Defense's (DoD) Bottom-Up Review and, subsequently, the National Military Strategy identified the need for highly trained and equipped, combat-ready reserve forces which would ensure our nation's ability to win two nearly simultaneous major regional conflicts. The 15 Army National Guard enhanced readiness brigades are that combat force and will be organized and resourced to mobilize, train and deploy within 90 days after call-up. The 15 enhanced readiness brigades, scheduled to be fully operational by Fiscal Year 1999, are currently training and undergoing modernization in order to be compatible with active Army divisions. They will be capable of employment in the fast-evolving regional conflicts expected in the future, or to reinforce active units in a crisis. The brigades are configured as 7 heavy (armored and mechanized) brigades, 7 light (infantry) brigades and one armored cavalry regiment. All 15 enhanced brigades will have a primary warfight mission and be structured to operate as part of an Army division or corps. This

primary mission will enable the brigades to develop their Mission Essential Task List and training plans based on their WARTRACE Program alignment. During Fiscal Year 1994, the readiness of these Army Guard brigades increased by 8 percent. Increases occurred in all measured areas: 6 percent in equipment on-hand, 5 percent in equipment serviceability, 13 percent in training, and 6 percent in personnel. These significant improvements are primarily the result of the modernization of Washington's 81st Infantry Brigade (Mechanized) and Georgia's 48th Infantry Brigade (Mechanized).

The designation of these enhanced combat brigades is a major step in our efforts to shape, align, and stabilize the force for the 21st Century. Combat units represent a little more than half of the Army Guard's force structure. By stabilizing this critical piece of the force, the Army Guard can more effectively manage combat support, and combat service support units, and the training and mobilization support base. The result is a more balanced, aligned, stable and ready force.

Army National Guard Enhanced Brigade Patches



53rd Inf Bde
Florida



76 Inf Bde
Indiana



256th Inf Bde
Louisiana



46th Inf Bde
Oklahoma



38th Inf Bde
Arkansas



48th Inf Bde (M)
Georgia



218th Inf Bde (M)
South Carolina



118th AR Bde
Oregon, Idaho,
Montana, Wyoming



41st Inf Bde
Oregon



81st Inf Bde
Washington



27th Inf Bde (L)
New York



15th AR Bde
Mississippi



30th Inf Bde (M)
North Carolina



27th ACR
Tennessee



29th Inf Bde
HI, CA, OR

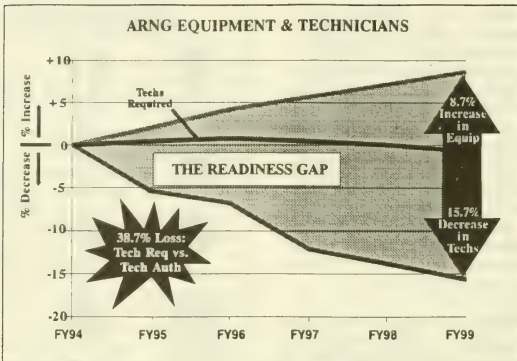
Army National Guard strategic reserve combat forces -- 8 divisions, two brigades and one infantry scout group -- will be fully structured but will be filled and resourced at less than 100 percent levels. Due to funding constraints, these later deploying units will be maintained at readiness levels that will allow them to mobilize in the event of extended crises or protracted operations, and as the first echelon for crisis response during domestic emergencies. As with the enhanced readiness brigades, the units' assets also could be activated and employed as a rotation force for peacekeeping or peace enforcement operations and for operations other than war.

Special Forces. As a result of the historic "Off-site Agreement" among the Army's three components announced in December 1993, the Army National Guard now has sole



Former Army Reservists, 1st Lt. Michael Swartz (left) and Staff Sgt. Steven Bush (right), get ready for their first jump as members of Company D, 1st Battalion, 19th Special Forces Group, Washington National Guard, Oct. 2.

responsibility for reserve component Special Forces units. In 1994, more than 600 fully qualified Army Reserve "Green Berets" transferred to the Army National Guard, raising the combat readiness of both Army National Guard Special Forces Groups to their highest levels. Army Guard Special Forces Groups meet the same standards as active Army Groups, enabling them to deploy without extensive training and to routinely conduct real-world operational missions, such as that performed by two Army Guard Special Forces Companies serving in Haiti. A worldwide reapportionment initiative will ensure all warfighting commands access to regionally-oriented, language qualified, culturally aware, Army Guard Special Forces units. Once this process is complete, the role of all National Guard Special Forces units as part of the Army's earliest deployers during a crisis will be confirmed.



The Full-Time Support Challenge: to bridge the "gap" of increased requirements and decreased full-time personnel authorizations.

MAINTAIN FULL-TIME SUPPORT (FTS)

The Army Guard's Full-Time Support program is essential for maintaining unit readiness. Established by Congress to organize, administer, recruit, train, and maintain Army National Guard units, the program provides a cadre of Military Technicians and Active

Guard/Reserve (AGR) soldiers to perform the bulk of day-to-day operations.

Full-time support requirements are established by validated unit manning models and detailed analyses of unit supporting workcenters. The

Full-Time Support Personnel Assignment

	FY94 Percentage Authorized	FY95 Percentage Authorized	FY96 Percentage Authorized
Contingency Force Pool (1 - 4)	100	100	100
Early Deploying Units (FAD II)	80	80	80
Later Deploying Units (FAD III)	70	50	50
Later Deploying Units (FAD IV)	60	50	50
Last Deploying Units (FAD V)	55	50	50

FAD = FORCE ACTIVITY DESIGNATOR

FAD II = UNITS READY IN 24 HOURS

FAD III = D TO D+30; M+10

FAD IV = D+30 TO D+90

FAD V = D+91 AND NON-DEPLOYING UNITS

number, type, and grade of the required personnel are determined by classification studies on the number of work-years needed to support Guard units and soldiers in the accomplishment of their readiness enhancing responsibilities. The authorized and assigned levels of full-time personnel in each unit are established by the National Guard Bureau based on the unit's deployment priority. As a result, the number of full-time personnel supporting early deploying Contingency Force Pool and enhanced readiness brigades has significantly increased.

The Army National Guard is being challenged to assume responsibility for more missions. In the last five years, Guard units have been deployed on more operations in a greater variety of geographical areas than in any previous peacetime period. Last year, Congress authorized 23,650 Active Guard/Reserve (AGR) soldiers and 27,394 military technicians. Congress also recognized the link between full-time support and unit readiness and prohibited any reduction in the number of military technicians not corresponding to force structure reductions. However, as a result of Department of Defense civilian downsizing initiatives, the Army National Guard was cut an additional 1,905 technician positions in FY95, 2,300 in FY96 and 3,500 in FY97, in line with reductions outlined in law. In the last five years, full-time support has been reduced by 5,965 personnel.

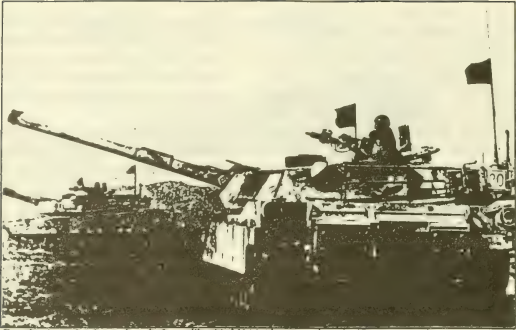
Active Guard/Reserve (AGR). The AGR level of support (authorizations as a percent of requirements) is programmed to decline over the next four years. Title 10 USC establishes the number of AGR soldiers authorized and the density of mid-grade ranks. The AGR hiring freeze, established in December 1991, has been

used to meet Congressionally-directed strength levels. The Army National Guard continues to meet mandated strength requirements, but the freeze has hurt our ability to fill certain critical positions, especially at the entry level.

Transition benefits, such as the 15-Year Retirement, Variable Separation Incentive, and Special Separation Benefits, were funded by Congress through the current fiscal year to assist in meeting required AGR end strength reductions. An estimated 280 AGR soldiers will be released under this program this year. Continued funding of transition benefits is an important element in the Army National Guard's AGR strength management plan.

Military Technicians. Despite force structure reductions, equipment modernization initiatives are generating increased technician requirements. Complex, modern equipment such as the Apache helicopter and the Patriot and Hawk air defense systems require more maintenance personnel than the equipment they replace. Guard units can maintain these systems at a significant cost savings to the Total Force, but they do require significantly more full-time soldiers than modernized infantry, armor, and engineer units.

The combined effects of the Department of Defense's accelerated civilian personnel reductions and dollar affordability have resulted in the Army Guard being able to afford only 24,957 of the 27,394 positions authorized by Congress this year. This funding level is reducing the size of the technician force at the same time requirements are increasing. Currently, we are able to fill only 63.4 percent of our validated technician requirements, a reduction of 6.8 percent from last year and far short of the Army's stated goal of 80 percent.



Guard units maintain combat platforms like this M1A1 Abrams tank at significant cost savings.

RESOURCING THE FORCE

Changes in the world political environment and the constrained defense budgets of the past several years have provided our nation with an opportunity to develop a mixture of military forces to meet current and future needs at an affordable cost. The Army Guard's cost-effectiveness is an essential part of that equation. The Department of Defense's Total Force Policy Study, as well as the Congressional Budget Office, estimated that Army Guard combat divisions cost 25 percent, on an annual recurring basis, of the cost for similar active Army divisions. These costs include pay and allowances, full-time support, operations, maintenance, and training

funds as well as Army and Department of Defense overhead.

The Army National Guard is funded by three separate budget appropriations: Personnel (NGPA), Operations and Maintenance (OMNG), and Military Construction (MCNG). Congress frequently adds additional funds for procurement of additional readiness-related equipment. The President's Fiscal Year 1996 budget of \$5.54 billion for the Army Guard represents only about 10 percent of the Army budget and less than 2.3 percent of the Department of Defense budget.

Army Guard Appropriations				
(all \$ in Millions)	FY93	FY94	FY95	CHANGE
Personnel	3,364	3,446	3,340	-1%
Operations & Maintenance	2,309	2,229	2,440	+5%
Military Construction	213	295	188	-12%



Lt. Col. Russ Borana, Commander of the 1st Battalion, 183rd Infantry, 29th Infantry Division (Light), Virginia Army National Guard, undergoes media training during an exercise at the Joint Readiness Training Center, Ft. Chafee, Ark.

TRAINING THE FORCE

Unit Training. The Army National Guard's most fundamental mission is to provide properly trained and equipped units. Such units provide a capability and synergism that no other collection of individuals can match. Command emphasis on unit training is designed to produce ready units available when needed.

After the Desert Storm cease-fire in early 1991, the Army National Guard engaged in a number of initiatives designed to provide realistic, challenging training to our forces at all levels. For Guard soldiers on the ground, the Forces Command BOLD SHIFT initiative provided an opportunity to be closely aligned with their active duty counterparts in a demanding, realistic training environment. At a higher

level, we increased the emphasis on staff training, both in a field environment and through simulations. One initiative is the Brigade Command Battle Staff Training program, designed specifically for Army National Guard brigades. Its purpose is to provide a series of challenging problems based in a tactical scenario. This develops the synchronization skills necessary at both the battalion and brigade command/staff level. Based on the success of the Battle Staff course, we developed the Combat Brigade and Combat Division Refresher Courses. Additionally, since Desert Storm, Forces Command has scheduled units at the Joint Readiness Training Center, the graduate school for light infantry operations.

Following designation of the 15 Enhanced Readiness Brigades in 1994, National Guard Bureau and Army Forces Command developed a strategy to minimize post-mobilization training requirements while maximizing use of training periods prior to mobilization. The resulting training strategy establishes brigade priority for resources, increases active Army training support and training opportunities, authorizes selected personnel overstrength, and mandates command and control compatibility with active units. Following its implementation, Army Guard enhanced brigades will be ready to deploy within 90 days of mobilization.

Great use was made of command-post-type exercises to provide valuable skills to leaders and to provide them the necessary tools with which they can make critical decisions. Many of these exercises are conducted with active component units because of long-standing training relations with those units. Foremost among these is the Battle Command Training Program, better known as WARFIGHTER, which provides a valuable set of operational leadership skills. Army Guard leaders and units all participated in Brigade Command Battle Staff Training, the Combat Division Refresher Course, and the Combat Brigade Refresher Course. These courses form the core of the unit-level leader training in those tasks that require timely and accurate synchronization skills to achieve maximum combat power.

The Army Guard supported six overseas missions with Mobile Training Teams in 1994. These missions were in direct support of active Army requirements in Somalia, Argentina and Turkey. Three of these missions required skills no longer found in the active Army: aircraft shrink-

wrapping, Mohawk instructor pilot training and M48 Duster training. Later this year, Guard soldiers are going to China and Thailand to teach M60A3 and M109A5 maintenance procedures.

Individual Training. The Army National Guard fully participated in the development and implementation of the Total Army School System in 1994. Evaluation of a prototype training region consisting of Florida, North and South Carolina and Georgia began in October. It is designed to reduce training redundancies by regionalizing training institutions. Additionally, the Army's executive agent for accreditation, the Training and Doctrine Command (TRADOC), will ensure training is done to one standard, furthering the seamless Army concept.



Spt. Charles K. Johnston, a sniper with Headquarters and Headquarters Company, 1st Battalion, 299th Infantry, 29th Infantry Brigade (Separate), Hawaii Army National Guard, zeroes in on a target.

The consolidation of Guard Officer Candidate Schools was continued in 1994 with all states conducting Phase I and Phase III training at consolidated sites. This concept builds on the considerable resources already dedicated to the ROTC Advanced Camp and results in standardized training at a reduced cost. The Cadet Command staff recognized the outstanding proficiency, bearing, and motivation of Army Guard officer candidates at the Advanced Camps. Consolidation of the Officer Candidate Schools with the ROTC Advanced Camps continues to show great promise in improving the quality of training and saving precious resources.

Last year, the Army Guard made significant changes to our enlisted leader development program by implementing the Select, Train, Promote, and Assign policy. Soldiers identified for promotion are scheduled for advanced professional development training. The Army's Sergeants Major Academy reorganized the Basic and Advanced Noncommissioned Officer Courses into two phases each. Under our Select, Train, Promote and Assign policy, soldiers identified for promotion will complete Phase I, be promoted, and subsequently assigned to a position requiring the higher grade. The soldier then has two years to complete Phase II of the course. This program establishes priorities for training and ensures that school quotas support training requirements.

Mobilization Training. An important component of readiness is the Guard's ability to respond rapidly to augment active forces in a crisis or to aid our communities during a domestic emergency. To maintain this capability, the Army Guard routinely conducts mobilization and deployment exercises. Last year, 22,314 Guard soldiers participated in 13 exercises in 31 countries while other Guard

units conducted 775 local mobilization exercises around the country. Mobilization and Deployment Readiness Exercises, Readiness for Mobilization Exercises, and State Area Command Exercises are each designed to improve unit and individual preparedness for mobilization and deployment.

In addition to mobilization training, Army National Guard units participate in training exercises conducted by the Joint Chiefs of Staff and the Department of the Army, as well as our own Army Guard exercises. This training is critical if we are to sustain a high level of unit readiness and deployability.

During the second quarter of Fiscal Year 1994, most State Area Command headquarters participated in the Department of the Army mobilization exercise OPTIMAL FOCUS 94. This was the fourth annual OPTIMAL FOCUS exercise designed to examine mobilization policies, plans and procedures, to assess units' mobilization preparedness at home station, and to develop an initial assessment of the deployability of selected units. A total of 46 Army Guard units participated. Units were evaluated at home station to determine their ability to move to their mobilization stations within 72 hours. The experience gained will help the entire mobilization community better prepare for mobilization. Mobilization will be tested in the upcoming Joint Chiefs of Staff and Department of the Army directed exercise programs, CALL FORWARD '95 and GENERAL HEADQUARTERS EXERCISE.

CALL FORWARD '94 tested 19 Army National Guard units' mobilization station plans, procedures, systems, and organizations. These units all successfully executed portions of the mobilization process at their home stations and moved to Ft. Lewis and Yakima Firing Center, Wash.

The Army National Guard has successfully completed the second iteration of an Army Chief of Staff directed series of interrelated command post exercises, simulations, workshops, and senior leader seminars. This series of exercises, known as GENERAL HEADQUARTERS, is designed to evaluate execution of the Army's responsibility to recruit, organize, supply, equip, train, service, administer, maintain, mobilize, and demobilize. Future GENERAL HEADQUARTERS exercises will address how and when to use the Army Guard's 15 enhanced brigades in the two nearly simultaneous Major Regional Contingency scenario envisioned in the Department of Defense's Bottom-Up Review.



Nebraska's 24th Medical Company off-loads equipment at Ft. Polk, La., during Annual Training.

The Operational Readiness Evaluation (ORE) program evaluates wartime mission preparedness and provides commanders an objective external evaluation of a unit's ability to perform its wartime mission. In 1994, 202 Army Guard units completed Operational Readiness Evaluations. To further improve this management tool, the Army Guard recommended standardization of the reporting procedures: that individual training be evaluated during individual training periods; that OREs be integrated with Mobilization and Training Exercises; and, that collective training be evaluated during Annual Training.

The Army WARTRACE Program establishes an organizational structure that will provide improved mobilization and wartime planning, mission capability, and deployability throughout America's Army. The WARTRACE Program is the basis for unit commanders to enter into cohesive wartime planning and associations with designated

wartime commanders. The WARTRACE Program improves readiness through the alignment of active Army and Army Guard units to meet wartime requirements.

Training Simulation. Simulation technology is a cost-effective combat multiplier. This fact is evident through training programs using the Conduct Of Fire Trainer, the Guard Unit Armory Device Full-Crew Interactive Simulation Trainer (GUARDFIST I), and the GUARDFIST-II for field artillery training. GUARDFIST-I permits an entire tank crew of four soldiers to conduct battle drills in an

armory setting and increases readiness at a relatively low cost.

GUARDFIST-II is a device for field artillery forward observer training which allows one-on-one training. We are continuing development of an advanced system that will offer further economies by allowing a 30-to-one instructor-to-student ratio. All of this training can be conducted in the armory without the expense of putting howitzers in the field.

The Army National Guard is at the forefront in distance learning within the Department of Defense. Last year, Army Guard soldiers completed the Armor Advanced Noncommissioned Officer course, accomplished by transmitting reconfigured course material from the Armor School at Fort Knox, Ky., via satellite to video tele-training sites in Montana, Idaho, Pennsylvania, and Vermont. Congress recognized the Army National Guard's lead in using advanced technology for training by providing \$7.5 million for a distance learning test program in Pennsylvania, West Virginia, Maryland, Delaware, Virginia and the District of Columbia.

The Advanced Research Projects Agency and the Army National Guard developed the Simulation in Training for Advanced Readiness (SIMITAR) program to leverage the training of Army Guard combat brigades. Two brigades, the 48th Infantry in Georgia and the 116th Armor in Idaho and Oregon, are serving as SIMITAR test units. SIMITAR will deliver realistic controllable battle experiences, on demand, to local armories and training areas

using advanced training technologies and simulation. The increase in training opportunities, improved realism and timeliness of feedback to the soldiers will improve individual and unit training.

Aviation. Fully funding the Army Guard's flying hour program in Fiscal Year 1996 will protect the Guard's readiness and safety. Adequate flying hours are necessary for pilots to maintain requisite skills and execute specific combat tasks, as well as maintaining minimum levels of aviator proficiency and safety. We have found extensive use of training simulators to be both an effective and cost efficient method of pilot training. As a result, we are in the process of adding the AH-64 Apache, UH-60 Black Hawk and CH-47 Chinook simulators to our training base. These simulators will provide regional support to both Army Guard and active Army aviation crews. The active Army provided the UH-60 and CH-47 simulators. The AH-64 simulator is a new procurement.

Safety. Ground accident costs declined from \$12.6 million to \$5.7 million over the same period. While flying more than 340,000 hours, no fatal aviation accidents occurred last year, a reduction from 13 the previous year. Safety remains an item of strong command emphasis. The Army Guard completed more flying hours than any other major command in the Army. We flew over 340,000 hours in 13 different types of aircraft, accounting for 28 percent of the entire Army's flying hours. This aggressive training program was executed without a single fatal accident - a remarkable accomplishment.

EQUIPPING AND MODERNIZING THE FORCE

As the active Army reorganizes its forces, excess equipment cascades to Army National Guard units. Cascading equipment, along with new procurement, have contributed to improved unit readiness and compatibility between Guard units and their active Army counterparts. Achieving compatibility provides the added benefit of simplifying logistics support requirements.

The fielding of the new Heavy Equipment Transporters, capable of carrying the 68-ton M1A1 Abrams main battle tank, began last year with the delivery of 31 systems. An additional 151 systems will be fielded this year. To increase our ability to supply and move artillery ammunition to keep pace with fast moving armored warfare, we began fielding the Palletized Loading System.

Congress initiated the Dedicated Procurement Program to provide procurement funding to redress readiness-related equipment shortfalls. Another \$91 million was used for aircraft purchases and \$2 million was used to purchase equipment used by the Guard's participation in Congressionally-directed counterdrug operations.

Another program that enhances readiness is our Depot Maintenance program. The \$113.6 million Fiscal Year 1994 program provided \$71.9 million for overhaul, repair, and contractor logistics support of rotary and fixed wing aircraft. The \$41.7 million surface transportation program returned inoperable, high dollar, end items to the Guard's inventory, provided calibration support for test equipment, and funded contractor support for specialized items of equipment for which the Army has no organic repair capability.

Our motor pools and organizational maintenance shops use the Unit Level Logistics System - Ground for managing unit-level repair parts and maintenance records. Following the 1991 Persian Gulf War, the active Army began furnishing this system to early deploying Army Guard units. Today, all organizational Guard units operate under this system.

ACTIVE COMPONENT EQUIPMENT TO GUARD

System	Quantity
M113A02	146
M1 Tanks	251
M1A1 Tanks	39
HMMWV (M99)	528
HMMWV (M1037)	138
Fuel Trailers (M969)	50
Semi-Trailers (M871)	142
Truck, Wrecker (M816)	20
Truck, Tractor (M915)	26
Mobile Kitchen Trailer	199
Water Purification Sets	29
Mobile Subscriber	
Radio Transmitter	212
Night Visn Goggles PVS-7B	4,123
Night Visn Goggles AVS-6	901
Night Visn Goggles PVS-4	1,065
Sincgars Radios	305
Protective Mask M17	4,359
Protective Mask M25A1	3,724

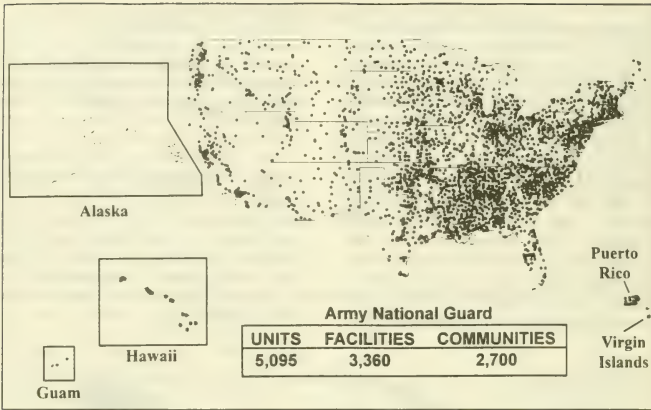
RETROEUR. The Army Guard began planning four years ago for the redeployment, repair and redistribution of excess Army equipment made available from the drawdown of active duty forces in Europe. Original plans called for establishing up to 22 sites. Seven sites were operational last year. The sites are located in Santa Fe, N.M., and Ft. Indiantown Gap, Pa., for the repair of tactical wheeled vehicles and trailers; Camp Shelby, Miss., and Ft. Riley, Ks., for track and combat vehicles; Piketon, Ohio, for tactical engineering equipment; Camp Withycombe, Ore., for communications and electronic equipment; and, Blue Grass Station, Ky., to receive, identify, classify and redistribute non-rolling stock. Together, these sites have processed more than

6,100 major items and 725 containers of equipment. At current workload projections, these sites should be active for four years. Currently, 360 personnel are employed in this program nationwide. The goal in 1995 is to attain full production capability with 400 personnel.

Aviation Modernization. Modernizing the Army Guard's aviation fleet is critical to battlefield success. In 1994, we completed our first fielding of a state-of-the-art armed scout aircraft, the OH-58D Kiowa Warrior. We also began fielding the first of 300 refurbished UH-60 Black Hawk helicopters cascaded from active Army reductions.



Mobile Subscriber equipment from the Pennsylvania Guard's 10th Signal Battalion is carried via sling load at Ft. Drum, N.Y.



FACILITIES

The Army Guard operates buildings on 3,360 installations in 2,700 communities throughout all fifty states, Puerto Rico, the Virgin Islands, Guam and the District of Columbia. Operations and maintenance of these facilities supports training, aviation and logistical operations as well as the administration and training of troops and shelter for assigned equipment. Adequate facilities are required to sustain unit readiness and meet mission objectives.

Twenty-six major construction projects were completed during Fiscal Year 1994. Congress appropriated \$188.06 million for Army Guard military construction for Fiscal Year 1995. Over 130 additional projects are scheduled for completion during 1995 and 1996.

Last year, \$145.4 million was provided to the states for Real Property Operation and Maintenance, about \$13.2 million less than in Fiscal Year 1993. However, the Federally supported square footage grew from 55.1 to 55.2 million square feet. In 1988, about \$3.41 per square foot was available to operate and maintain Army Guard facilities. Today, that amount is only \$2.42 per square foot, or \$2.03 in constant Fiscal Year 1988 dollars.

The Army Guard is also fielding the Range Facility Management Support System at 36 locations to provide automated scheduling and control of operations as part of an Army-wide system permitting remote scheduling and rapid resolution of safety related issues.

ENVIRONMENTAL PROGRAMS

Army National Guard elements in all states and territories have implemented programs to comply with environmental laws, regulations and directives. Funding for environmental management programs has grown from \$22.7 million in Fiscal Year 1990 to \$50.8 million in Fiscal Year 1995.

The National Guard emphasizes the Army's four environmental goals: Compliance, Conservation, Restoration and Prevention.

Compliance. The Army National Guard initiated air surveys at all facilities to comply with the Clean Air Act. In addition, several pollution prevention initiatives pioneered by the Army National Guard have proven highly successful, both in terms of reduction of pollution nationwide and in significant cost savings beyond the year 2000. Hazardous waste disposal costs have been reduced by approximately 18 percent since Fiscal Year 1992. Compliance now and development of better ways to comply in the future is our goal.

Conservation. Maintaining readiness requires intensive training. One of the greatest concerns the Guard has in managing and maintaining its training areas is the protection of fragile ecosystems. To meet these responsibilities, we are fielding the Integrated Training Area Management system to track the environmental impact on our training facilities and maneuver areas. The Army Guard is developing this

system at 21 separate locations with the goal of having all primary training sites under the system by 1999. This program will provide for the effective management of natural resources and the protection of threatened and endangered species, wetlands, soils and the promotion of biodiversity. In 1994, the Army Guard successfully completed two Environmental Impact Statements at Camp Shelby, Miss., and Camp Grayling, Mich. Six additional Environmental Impact Statements have been initiated and 20 Environmental Assessments were completed.

Restoration. The Installation Restoration Program is identifying and remediating sites contaminated by past practices. In 1994, we conducted 33 preliminary assessments and 17 site investigations to determine the extent of contamination. We also conducted 8 site restorations at a cost of more than \$17 million.

Prevention. The Army National Guard is committed to the identification and correction of environmental deficiencies, and has made significant gains in environmental protection. Through an Army Guard initiative, the Environmental Compliance Assessment System, we are evaluating the environmental compliance of all Army Guard facilities. Through the end of Fiscal Year 1994, we conducted studies in 40 states and territories. The remaining assessments are programmed for completion this year.

NEW BUSINESS PRACTICES

The Federal Government has placed greater emphasis on improved financial management and operating efficiency. The primary thrust for this is the Chief Financial Officers Act of 1990, the National Performance Review of 1993 and the Government Performance and Results Act of 1993. This new financial framework represents a revolutionary way in which all federal agencies manage resources and conduct business with a focus on providing efficient support to its customers. Two

initiatives illustrate the fact that the Army National Guard is an active participant in this new arena. The Unit Cost Analysis System provides greater flexibility in selecting the "best value" source for installation-level support. The Resource Management Model prioritizes resources by providing an instant comparison of training readiness of varying funding levels. These initiatives are but a few of the many innovations and reinvention efforts that the Army National Guard is implementing.

EXCELLENCE AND INNOVATIVE PROGRAMS

The Ideas for Excellence Program had 68 new suggestions submitted in 1994, and, completed or otherwise closed out 114. A total of \$55,580 was awarded for cost saving suggestions that saved \$4.9 million.

The Army National Guard also recognized a 1994 Suggestor of the Year with a trophy and a \$25,000 check for an idea that saved over \$4 million.

Now in its sixth year, the Army Communities of Excellence program continues to foster excellence by emphasizing people, pride, readiness, facilities and services. The 1994 award recipients were Utah (\$200,000), Louisiana (\$125,000), Maryland (\$100,000), Florida (\$50,000) and Pennsylvania (\$25,000). Florida received an additional \$5,000 for Rookie of the Year. The Most Improved award of \$10,000 went to South Carolina.

INFORMATION SYSTEMS

In 1994, the Guard continued implementing automation initiatives to improve command and control, enhance training capabilities, and improve mobilization readiness. We began upgrading the State Data Processing Installation computers and procured new equipment such as input/output processors which helped increase "through-put" dramatically. These changes allowed planning for the latest in client-server and open systems technology and architecture.

The first stage of providing the Army National Guard with teleconferencing capability was

completed last year with the delivery of the Low Bit Rate Video system. Implementation of this capability nationwide is planned in 1995 using the Defense Information Systems Agency and commercial AT&T service. This network will reduce travel expenses while increasing interaction among the State Area Commands, enhanced readiness brigades, the Army Guard school system and headquarters elements. The upcoming round of base closures presents an opportunity for the Army Guard to acquire automation and communications equipment by cascading rather than by new procurement.



Staff Sgt. David T. Phillips
Virginia
NCO of the Year

Staff Sgt. David T. Phillips was born in Bedford, Va. in 1963 and graduated from Jefferson Forest High School. He joined the active Army in 1982 and attended basic combat training at Ft. Benning, Ga. He served for four years in Korea and Ft. Lewis, Wash. He enlisted in the Virginia Army National Guard in 1987 and is a graduate of the Primary Leadership Development, Jumpmaster, Airborne, Basic NCO, and Battle Focus Instructor courses. He is employed as a game warden with the state Department of Game and Fisheries. He and wife, Christine, reside in Farmville with their children, Brian and Corie.



Spc. Steven W. Skeltis
Michigan
Soldier of the Year

Spc. Steven W. Skeltis was born in 1955 in Bay City, Mich. and graduated from St. Mary's High School in 1973. He joined the Michigan Army National Guard in February 1990. He attended basic training at Fort Dix, N.J., and advanced individual training as an intelligence analyst at Ft. Huachuca, Ariz. In addition, he has completed the Basic Airborne Course and the Long Range Surveillance Leaders Course, both at Ft. Benning, Ga. Skeltis is employed as a journeyman tool and die maker and is pursuing a degree in nursing at Delta College. He and his wife, Frances, reside in Bay City.

THE FUTURE OF THE GUARD

Change in the world political environment provides our nation with an opportunity to develop a mixture of military forces to meet future needs at an affordable cost. The Army Guard's role remains an important part of this equation.

For federal and state actions, the Army Guard must have a readiness level that ensures success in both missions. Our domestic capabilities are embedded in our balance of combat, combat support and combat service support units. With the resources provided by Congress, the assistance given by the active Army, and the support of our communities, the Army National Guard will continue to be an integral and relevant part of the first line defenses of our nation.

The National Guard is capable, available, and affordable. We can provide the right force, at the right time, and at the right price.

Appendix A: Constitutional "Charter" of the Guard

Our "charter" is the Constitution of the United States of America.

The Militia Clauses. Article I, Section 8, of the U.S. Constitution contains a series of "militia clauses" vesting distinct authority over the National Guard -- the militia -- in the federal government and in the state governments.

The 14th Clause provides that the Congress has three constitutional grounds for calling up the militia: "To execute the laws of the Union, suppress insurrections, and repel invasions." All three standards appear to be applicable only to the Territory of the United States, but have been expanded by statute to call up the National Guard for overseas service.

The 15th Clause gives Congress the power "[t]o provide for organizing, arming, and disciplining the militia, and for governing such part of them as may be employed in the service of the United States." That same clause specifically reserves to the States the authority to establish State-based militia, to appoint their officers, and to train the militia according to the discipline prescribed by the Congress. This clause specifies Congressional authority of the NG during peacetime. Congress delegates its authority to the President and the DoD by statute (10 USC and 32 USC).

The Army and Navy Clauses. These clauses in Article I, Section 8, confer on the Congress the power to provide for the common defense of the United States, declare war, raise and support armies, and make rules for the "government and regulation of the land and naval forces." The Congress is also granted authority to make all laws "necessary and proper" for carrying out such powers. Under these provisions, Congressional power over the National Guard is far-reaching.

Other Relevant Provisions. Other sections add to the constitutional underpinnings of our national defense structure. Article I, Section 10, provides that no State, without the consent of the Congress, shall keep troops or ships of war in time of peace, or engage in war unless actually invaded. This section is qualified, however, by the Second Amendment to the Constitution, which was intended to prevent the Federal government from disarming the militia. Part of the Bill of Rights that the Anti-Federalists insisted on, the Second Amendment states: "A well-regulated militia, being necessary to the security of a free State, the right of the people to keep and bear arms shall not be infringed."

In addition, Article IV, Section 4 provides that the Federal government "shall guarantee to every State in this Union a republican form of government," and shall protect each of the States against invasion. At State request, the Federal government protects the States "against domestic violence." Through these provisions, the potential for both cooperative Federalism and for tension between the "militia" and "army" clauses was built into the Constitution.

Article II, Section 2, places all forces, including the militia when in Federal service, under the control of the executive branch by making the President commander-in-chief. Article I,

Section 8, gives the ultimate control to the Congress, however, by granting it the sole Federal power to collect taxes to pay for the military, to declare war, and to employ the militia for common purposes of internal security.

The Militia Act of 1792. Federal law subsequently expanded and clarified the role of the militia. The *Militia Act of 1792* required all able bodied men aged 18-45 to serve, to be armed, to be equipped at their own expense, and to participate in annual musters. The 1792 act established an idea of organizing these militia forces into standard divisions, brigades, regiments, battalions, and companies, as directed by the State legislatures.

For the 111 years that it remained in effect, this Act defined the position of the militia in relation to the Federal government. The War of 1812 tested this unique American defense establishment. To fight this war, the new republic formed a small regular military, and trained it to protect its frontiers and coastlines. Although it performed poorly in the offensive against Canada, this small force of regulars, when backed by a well-armed militia, accomplished its defensive mission. Generals like Andrew Jackson proved, just as they had in the Revolution, that regulars and militia could be effective when employed as a team.

With the coming of the Civil War, State militias played a pivotal role. Because the Regular Army was so small throughout the nineteenth century and the Army Reserve did not exist, the majority of Army units which carry Civil War battle honors are from the Army National Guard.

Posse Comitatus. In 1867, the Congress suspended the southern States' right to organize their militia until a State was firmly under the control of an acceptable government. The U.S. Army was used to enforce martial law in the South during Reconstruction. Expansion of the military's role in domestic life, however, did not occur without debate or response. Reaction to the use of the Army in suppressing labor unrest in the North and guarding polls in the South during the 1876 election led to congressional enactment of the *Posse Comitatus Act* in 1878. Designed to limit the President's use of Army forces in peacetime, this statute still provides that:

it shall not be lawful to employ any part of the Army of the United States...for the purpose of executing the laws, except on such cases and under such circumstances as such employment of said force may be expressly authorized by the Constitution or by any act of Congress...

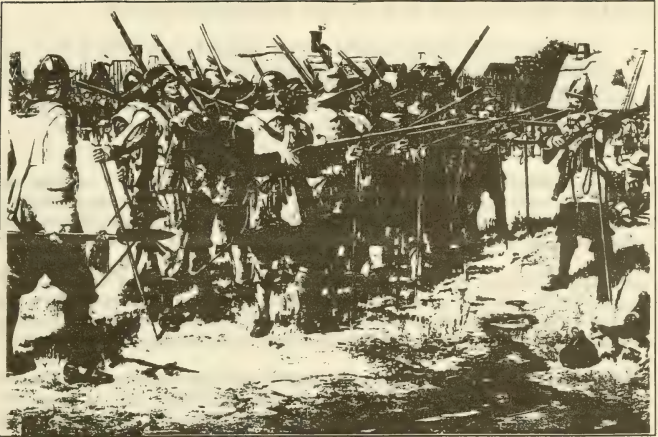
Concern over this new domestic role also led the States to reexamine their need for a well-equipped and trained militia, and between 1881 and 1892, every State revised its military code to provide for an organized force. Most called their State militia the "National Guard", following New York's example.

The Dick Act. Beginning in 1903 through the 1920s, legislation was enacted that strengthened the National Guard as a component of the national defense force. The *National Defense Act of 1903*, known as the Dick Act, replaced the 1792 *Militia Act* and affirmed the National Guard as the nation's primary organized reserve.

The *National Defense Act of 1916* further expanded the Guard's role and guaranteed the status of the State militia as the Army's primary reserve force. Furthermore, the law mandated use of the term "National Guard" for that force. Moreover, the President was given authority, in case of war or national emergency, to mobilize the National Guard for the duration of the emergency. The number of yearly drills increased from 24 to 48, and annual training from five to 15 days. Drill pay was authorized for the first time.

In 1920, amendments to the National Defense Acts established that the Chief of the Militia Bureau (later National Guard Bureau) would be a National Guard officer, that National Guard officers would be assigned to the general staff, and that the Guard's combat divisions, used in World War I, would be reorganized. Subsequent amendments to the act, the *National Guard Mobilization Act of 1933*, created the National Guard of the United States as a component of the Army at all times, which could be ordered into active Federal service by the President whenever Congress declared a national emergency.

Following the experience of fighting an unpopular war in Vietnam, the 1973 Total Force Policy was designed to involve a large portion of the American public by mobilizing the National Guard from its thousands of locations throughout the United States when needed. The Total Force Policy requires that all active and reserve military organizations of the United States be treated as a single integrated force. A related benefit of this approach is that it permits elected officials to have a better sense of public support or opposition to any major military operation. This policy echoes the original intent of the Framers of the Constitution: A small standing army complemented by citizen soldiers.



First Muster - Massachusetts Bay Colony, 1636.

Appendix B: The Historic Role of the Army National Guard

The National Guard predates the founding of the nation and a national military force by almost a century and a half. America's first permanent militia regiments, among the oldest continuing military units in the world, were organized by the Massachusetts Bay Colony in 1636. Since that time, the Guard has participated in every U.S. conflict from the Pequot War of 1637 to Operation Uphold Democracy in 1994.

The Army National Guard is a centuries-old institution, with roots going back before the colonial "Minutemen." The Guard plays a vital role in our national defense and emergency preparedness systems. Today, the Guard has emerged as the foremost reserve of the Army, capable, under the Total Force Policy, of providing organized and trained units to engage in missions shoulder to shoulder with the active Army.

A subject of extensive debate and compromise during the Constitutional Convention of 1787, the National Guard as a Federal force has its origins in explicit provisions of the United States Constitution. Throughout the Nation's history, the Guard has been an integral component of the defense and domestic emergency-response networks of communities, the States and the United States.

Federal Role. Federal law clearly sets forth the Army National Guard's Federal role:

"to provide trained units and qualified persons available for active duty in the armed forces, in time of war or national emergency and at such other times as the national security requires, to fill the needs of the armed forces whenever, during, and after the period needed to procure and train additional units and qualified persons to achieve the planned mobilization, more units and persons are needed than are in the regular components."

Furthermore, Federal law provides that "to secure a force of units which, when combined, will form complete higher tactical units, the President may designate the units of the National Guard... to be maintained in each State and Territory..." with organization and composition the same as for the Regular Army.

The Federal government, therefore, determines the number of authorized National Guard personnel and the unit mix available across the country. However, the States reserve the authority to locate units and their headquarters, and Federal officials may not change any branch, organization, or "allotment" located entirely within a State without the approval of its governor.

Detailed Federal guidelines, both statutory and regulatory, govern the organization and operation of the National Guard. Regulations issued by the National Guard Bureau spell out the policies, procedures, and responsibilities of the Guard, and provide guidance for the employment of Army Guard units, personnel and equipment in support of State and local government authorities.

Just as the Federal government's relationship to the wide range of State activities and responsibilities has evolved over the years, so too have the Federal and State roles of the National Guard changed in order to meet the national interest as well as the particular needs and circumstances of each State and Territory. By virtue of their intertwined constitutional, statutory, and military responsibilities, the National Guard and the active Army are closely linked; yet the Army National Guard remains partly independent as well. The Guard's unique status is exemplified by the fact that Guard members, unlike their counterparts in the active Army or Army Reserve, take an oath to their State constitutions secondary to their oath to the United States Constitution.

Today, the National Guard fulfills a vital national defense role. Strategic planning integrates Army National Guard units into crucial combat, combat support, and combat service support elements of our nation's military forces to provide a trained, capable, and cost effective military force, able to provide rapid augmentation, reinforcement, and expansion in time of call-up or mobilization.

From its origins as a self-equipped, community militia in colonial times, the National Guard has emerged as a well-armed fighting force and a valuable component in the nation's emergency preparedness network, the only force with this dual responsibility.

D E P A R T M E N T O F T H E A I R F O R C E

P R E S E N T A T I O N T O T H E C O M M I T T E E O N N A T I O N A L S E C U R I T Y

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Air National Guard

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to appear before this committee on behalf of the 115,600 proud men and women of the Air National Guard.

As I enter my second year as Director of the Air National Guard, I see a tremendous increase in the visibility of the Guard and Reserve. I also see an increased desire on the part of our senior Defense Department leadership to fully integrate Guard and Reserve members of all services into many of the day-to-day operations of our active components. I am especially pleased to say that the Air National Guard has been a full partner in Air Force missions for a long time. The Air Force, under the leadership of our new Chief of Staff, General Ronald R. Fogleman, is reemphasizing a policy of using Guard and Reserve forces whenever and wherever it makes good sense. We operated side by side even before Operation Desert Storm and we continue to use our forces in a true "Total Force" team.

We are providing airlift, refueling, fighter, rescue, medical, radar and communications units in support of operational missions around the globe. The most visible actions have been Operations Deny Flight and Provide Promise in Bosnia and Sarajevo; Operation Provide Comfort in Turkey; Operation Southern Watch in the no-fly zone over Iraq; and

Operation Support Hope providing aid to victims of the Rwandan civil war. Despite the high operational tempo required by frequent and long rotations, Air National Guard participation has been accomplished entirely in a volunteer status. It is a pleasure to be part of an Air Force that believes in, supports, and includes the Guard and Reserves in its planning, programming, budgeting, and execution scenarios.

I deeply believe in the Air National Guard -- who we are, what we do, and why we do it. I'm proud of our units, our people, our facilities and equipment, and our performance. Our Air Guard is a force that supports both state and federal missions. We continue to be a cost-effective community-based defense force trained and equipped to rapidly and skillfully respond to the needs of our country, our states, and our local communities. The volunteer spirit of our men and women reflects the finest traditions, history and culture of the militia.

The Air National Guard is healthy and ready. Last year was a banner year for the Guard. We had more people in more places than anytime in our history. Much of this activity is the result of our partnership with the Air Force and Air Force Reserve. This cooperation is the way we meet challenges. As the defense dollar declines, our role becomes even more important. We are a healthy force ready to serve whenever and wherever we are needed.

Serving on the front lines is not a new experience for the men and women of the Air Guard. The Air Force has long pursued a course to ensure we are both interoperable and accessible as part of the Total Air Force team. The Air Force has organized, trained, and equipped us to be full participants in all war plans, ready to deploy in support of any worldwide crisis. We are expected to meet the same standards as active duty units. We are inspected and certified operationally ready by our gaining major commands. As a result the Air Guard is on the front lines today in every theater of operation alongside our active Air Force and Air Force Reserve counterparts.

In addition to flying relief supplies to Bosnia and supporting counterdrug operations in Latin America, we were on the front lines with the Air Force in Somalia and Kenya; our medics saved lives during the battle of Mogadishu; our A-10s, F-16s and KC-135s participated in Operation Deny Flight from Italy; our F-15s, F-16s, F-4Gs and C-130s conducted air superiority and surveillance missions flown over Northern and Southern Iraq; our aeromedical evacuation squadrons supported Operations Sea Signal, Vigilant Warrior and Safe Passage with aeromedical evacuation crews and ground support personnel. In addition, our rescue HC-130s and HH-60 helicopters sat alert in Kuwait. The Air Force is keenly aware of our capabilities and uses the Air Guard without hesitation. 1995 will also be a challenging year as we continue to be called upon to serve

while our force structure, dollars and manpower are being reduced.

We are deeply involved in many humanitarian and civic action programs worldwide, including deployments of civil engineers and medics to assist the CINCs with nation assistance programs. We stand ready to expand these programs both internationally and within the Continental U.S.; if resourced and requested to do so as a part of national priorities. We are mindful that such programs must complement our readiness, not be at the expense of it. While training for our federal role of preparing for national emergencies, we can be a vibrant force in our local communities by teaching our youth to become better citizens through sharing our Air National Guard facilities, equipment, spirit of pride, traditional values, and traditions of service to community and nation. In addition to youth programs, we are active participants in military-to-military and civilian-to-military initiatives as authorized by DOD. Fourteen states have formed state-nation partnership programs with countries in Eastern Europe or republics of the former Soviet Union. Our goal is to serve as positive examples of how citizen-soldiers can complement active duty militaries in a democratic society.

Volunteerism and accessibility of Guard and Reserve forces continue to be issues for discussion in many forums. Our views on this are simple. We should rely on volunteerism as the initial mechanism for response in most contingencies.

Let us manage our people. Tell us what you want and where you want it and when. We'll be there -- if required we will join hands in a coalition with our Reserve counterparts in an operation that provides command and control, continuity and rotation of people. Should a contingency become large or prolonged, adequate legal mechanisms exist to access people beyond volunteerism.

The spirit of volunteerism must be nurtured. We must be mindful that we need to keep employers and families on our team and supportive of our participation. We need planning and notification time whenever possible. We know that we will be depended upon more in the future, and we welcome this challenge. We can be an important participant in contingencies, exercises and overseas deployments; but we need planning time and flexibility from our CINCs and major commands.

The Air National Guard has actively participated with the active Air Force in reshaping and restructuring the Air Force to meet the demands of the post-Cold War world. Together we have designed a program that fits reduced budgets and meets the requirements of the Bottom-Up Review (BUR), while complying with the mandate from the Secretary of Defense to maintain readiness and respond to two nearly simultaneous major regional contingencies.

There are three main issues facing the Air National Guard today as we address the FY 96 budget - force structure, readiness and full-time manning.

Regarding force structure, the decisions within the Department of Defense in times of reduced budgets are difficult and complex. As the world has changed, the Air Force has put a greater percentage of its forces into the Guard and Reserve, but the entire Department of Defense is getting smaller, including the Air National Guard. Nobody likes to downsize. The force structure we have in our FY 96/97 budget is the result of many tough decisions. During FY 96 we will experience significant reduction in personnel in our support areas. This will include a 15.2 percent reduction in civil engineers resulting in a loss of 2,305 personnel; a 12.6 percent reduction in engineering installations, 401 personnel; 23 percent in air control radars, 976 personnel; 9 percent in combat communications, 717 personnel; 33 percent in air traffic control, 400 personnel. Total personnel losses in support areas are 6,240. This reduces our overall end strength from a programmed high of 119,300 in FY 93 to 109,458 at the end of FY 96. Other known reductions will take us to 106,667 by 2001. This is a loss of 10.5 percent from our high in FY 93. The reason for these losses is simple: the total United States Air Force has reduced by approximately 34 percent in force structure during this same period of time.

The force structure that our forces supported no longer exists.

The affect on the individuals who will lose their positions is regrettable; however, to minimize the effects on individuals and communities we will attempt to downsize units rather than close. Also we will continue to seek alternate missions for those affected and to downsize through attrition wherever possible. For those who must be separated we will use the transition benefits provided by the Office of the Secretary of Defense. We have also reluctantly reduced the number of aircraft in our flying units as the fighter force continues to downsize. We have consciously made the decision to downsize units in-place rather than close them. The Air Force has worked these tough issues with us and allowed us to preserve a smaller community-based defense force rather than close units.

Our general purpose fighter forces were downsized in FY 95 from 8.5 to 6 Fighter Wing Equivalents (FWEs). This drawdown was consistent with Defense Guidance which sized a Total Air Force at 20 FWEs (13 Active/6 Guard/1 Reserve). We are now forced to reduce our general purpose fighter units further. We originally had either 24 or 18 aircraft in our fighter squadrons. In FY 95 we came down to 15 aircraft per squadron. We are now forced to go to 12 Primary Aircraft Authorized (PAA) squadrons. This debusting (vice robusting) approach preserved unit flags and avoided closing units. Our

air defense interceptor forces are being reduced from ten units to six with the remaining four units being rerolled into other weapon systems. To provide assets for rerolling these units into the tanker and airlift missions, existing tanker and airlift units had to be downsized. Despite the debusting of fighter, airlift and tanker units, the Air National Guard is committed to maintaining a posture that will allow for robusting our units should expansion of the military become necessary in the future.

With respect to readiness, the ANG is more ready today than it has ever been. While we are smaller in size, we are not hollow. We have reduced capability, but not readiness. The force structure we have is fully ready to perform our missions. This is the result of many factors, principally the Air Force's decision to provide adequate O&M funds for training, and the support of Congress in approving our budget. We have modern equipment. We are players in the day-to-day operations of the Air Force, and we are adequately resourced for maintaining a high degree of readiness with our force structure. We are increasingly being tasked to help in missions throughout the world, in both primary and supplementary roles.

Concerning full-time manning, this is the foundation of our readiness. Our military technicians and AGR members provide an immediate response capability for contingencies and maintain the equipment and training supervision for our part-

time members. Currently, approximately 25 percent of our unit strength is full-time. The minimal full-time manning is why we are cost-effective. However, this minimal full-time force is the core of our readiness and is necessary to maintaining our equipment in ready-to-go condition. Reductions to this force could have a direct and immediate impact on our readiness.

The Air Force continues to display confidence in the Air Guard by the transfer of new mission responsibilities. In FY 96 we will continue to assume operation of all air defense command and control operations including First Air Force and the Regional and Sector Operations Centers (ROCs and SOC's). This process began with the transfer of the Northeast Air Defense Sector. Collectively, our new mission responsibilities will eventually add over 1,000 full-time personnel to our Air Guard end strength helping to mitigate the effects of other drawdowns.

The transfer of the air defense command and control operations clearly is a milestone in our history. The transfer started in FY 94, and by the end of FY 97 the Air National Guard will have accepted control of all Air Combat Command's First Air Force and subordinate ROCs and SOC's. This is a precedent setting initiative. Major General Philip G. Killey, former Director of the Air Guard, was placed in command of First Air Force in January 1994. This marks the first time the Air National Guard has commanded a Numbered Air

Force. This is an exciting opportunity for the Air Guard as we continue to expand into new mission areas. Simultaneous with this transfer we are reviewing potential roles for the Air Guard in space. The First Air Force and space missions make sense for the Air Guard as we respond to changing military force requirements. We have the skills and capability to perform any Air Force mission if properly trained and resourced, and we remain cost-effective.

Another mission the ANG will be performing is the Northeast Tanker Task Force, which is being transferred from the Air Force in FY 96. This mission will be performed by our New Hampshire and Maine KC-135 tanker units and will require only 25 additional full-time positions for each state.

Much of what has been highlighted addresses our core capabilities, changes to our force structure, and new missions. But these changes also bring into focus an equally significant dimension -- our people -- and the profound impact these changes have on them.

People are our number one priority. Recruiting, training, and retaining the best and brightest poses one of our greatest challenges. We are using the transition benefit tools provided by Congress to ease the effects of reductions in full-time and part-time personnel. This year the Air National Guard will lose over 900 full-time personnel now assigned to support Air National Guard flying missions. The

challenge is to help these people either retrain into new careers in the Air Guard or the other Reserve Components, or help them transition into other careers outside the military. Simultaneously, we want to preserve the right mix of skills and experience by motivating and training the force that remains.

While we continue to downsize, we have encountered some difficulty in achieving military end strength. We did not meet our authorized end strength target for last year. Much of this problem is associated with the apprehension caused by uncertainty of the future. Recruiting is tough and we find that many no longer consider the military an area of opportunity. The various initiatives to reduce the size of DOD, such as BRAC, National Performance Review, etc. make people uncertain of the future. They are reluctant to join for fear more cuts are just around the corner. For those affected by cuts, we are providing the transition benefits authorized by Congress. In an attempt to solve our recruiting problem, we have to increase our community involvement and advertise so the communities are aware of opportunities in the Air National Guard.

At the same time the quality of our Air National Guard force has never been higher with over 99 percent of our members holding high school diplomas or advanced degrees. Our retention rate remains high despite force structure turmoil and increased participation in worldwide contingency

deployments. Recruiting remains challenging. Although there is an adequate recruiting population, uncertainty about future military cuts coupled with the effects of previously announced force structure downsizing initiatives have combined to produce a conservative, cautious recruiting environment at many Guard units. We are working with the states to develop initiatives to ensure we reach our strength goals, while filling critical skill vacancies through the extensive use of enlistment bonuses and the highly visible incentives of the Montgomery G.I. Bill (MGIB). The MGIB continues to be a major motivation for six-year enlistments with over 83 percent of our Air Guard men and women qualified for benefits.

As we look to the future with an overall smaller force, modernization is still critical to our future ability to provide ready forces for both state and federal missions. To this end, it is important that the Air Guard continue to be included in Air Force programs that improve weapon system operational capability, survivability, and safety. This includes aircraft and other systems such as air control radars and communications gear. The Air National Guard must be included in the full spectrum of war fighting requirements including critical engine modifications to improve reliability and flight safety; installation of defensive systems on our C-130 airlifters to provide warning of potential threats and development of real-time intelligence and situational awareness displays. Also, in the FY 95 budget Congress

provided funds for the Guard and Reserve equipment authorizations. We will use these funds to buy equipment such as night vision goggles and training devices. This will keep us modern, interoperable, safe and effective in combat.

With our Air Guard airlift fleet increasingly called upon to go in harm's way in a host of worldwide contingencies, we are enthusiastic supporters of Air Force initiatives to equip our airlift aircraft with defensive systems. The Air National Guard operates 39 percent of the total C-130 theater airlift forces. We have thus far configured 32 aircraft (about 8 percent of the C-130 fleet) with defensive systems and have Air Force support for 20 additional systems. Our airlift forces will continue to be an important part of future contingency operations, and we owe the aircrews who fly these missions warning and protection systems.

The funds provided by Congress to modernize the C-130 theater airlift fleet have allowed us to complete the replacement of the 1950s vintage C-130B models with the modern, more capable C-130H aircraft.

Currently the Air National Guard operates the last tactical reconnaissance squadron of RF-4C aircraft and this squadron will transition out of the mission in FY 96. The Air Force Chief of Staff has said that there is still a requirement for one more generation of manned tactical reconnaissance aircraft. Rather than fielding a dedicated

airframe, the Chief of Staff wants a low cost podded system and he has given the Air National Guard the lead in fielding a replacement reconnaissance capability on our F-16 aircraft. We are following General Fogleman's direction to field a capability before the RF-4C is retired.

The Air National Guard and the Air Force have worked hand-in-hand in developing a unit level training device to support the needs of our F-15 and F-16 units. This device is low cost and uses off-the-shelf equipment. It will replace existing simulators which are 20 to 30 times more costly. These training devices provide more capable, accessible, and user-friendly training to our pilots. In the future, we expect to continuously improve these training devices by adding visual systems and networking. Each of these capability enhancements improves realistic training and ensures that our aircrews are fully ready to respond to any tasking. We are also in partnership with the Air Force in investigating use of a low cost unit level trainer for our larger aircraft, such as the C-130. This year we will begin examining a similar program for the A-10.

In the night operations arena the Air National Guard is working closely with Air Combat Command in testing low cost, off-the-shelf capabilities that will allow our A-10s, F-15s, and F-16s to be more effective night fighters. As a first step, the Air Force is providing the Air National Guard with a proportional share of the Air Force's near-term night

capability upgrade to the A-10 fleet. If our testing is successful on the A-10s, we expect Air Force support for a similar program for Air National Guard F-15s and F-16s. Overall, we have a working partnership with the Air Force to provide quality war fighting improvements. The Air National Guard goal is to achieve a night war fighting capability and install adequate defensive systems on all our aircraft. The Air Guard will then have the capability to fly and fight around the clock. The Air Force has pursued a course which allocates new equipment resources to the Guard and Reserve based upon relative share of force structure, response time, and weapon system capability.

The Air National Guard continues to be a strong supporter of national counterdrug initiatives. We have fielded the first of 10 aircraft specifically modified to support local and national law enforcement agencies. The aircraft is the C-26 mission support aircraft which is already in our inventory. We have modified this aircraft by adding a special pod that contains a forward-looking infrared radar to enhance night capability and special cameras made available through the drawdown of our Air National Guard reconnaissance forces. These electronic systems are specifically chosen to support surveillance and reconnaissance missions in counterdrug state plans.

The Air National Guard plays a significant role in the total force requirement for aeromedical evacuation. Air

Force Medical Service Doctrine is rapidly changing to reflect rapid air transportation of critically injured troops. ANG medics are positioning themselves to meet the acute medical needs of trauma patients.

Our strong partnership with the Air Force has produced an Air National Guard that is adequately resourced, trained and equipped to perform the missions assigned. Together with the Air Force we have committed the resources to maintain a well-trained, equipped, and ready force. Our FY 96 budget request includes funds for training, maintenance, and other requirements essential to maintain a high level of readiness. Given the ever-increasing demand for Air National Guard participation in contingency operations supporting the Administration's Supplemental and FY 96 Budget, adequate resourcing in our operation and maintenance and military personnel accounts is a key factor for funding the additive costs above the normal funding for our readiness training.

Although the Air National Guard has shared the effects of the Air Force downsizing, we have acted as full partners in the programming and decision making process to jointly find smart ways to reduce force structure without sacrificing mission capability. When the reductions come, we seek alternate missions. If there are no alternate missions we seek to downsize in place to maintain presence in our local communities. Only as a last resort do we close units and abandon communities.

Many have said the challenge is to do more with less. In fact, we need to do the right things at sustainable resource levels. Given the budgetary constraints we face for the foreseeable future, we believe it is essential to maintain both an effective fighting force as well as a continued presence in the communities across America. The Air Force and the Air National Guard are working together to find practical and efficient ways to achieve these two objectives. A healthy Air National Guard depends upon a healthy Air Force.

We also believe that whatever the outcome in the debate over national priorities, it is vitally important to maintain a solid military establishment for the nation. The military must remain an attractive opportunity for service despite other competing national priorities.

The total Air Force is a team - Active, Guard and Reserve. We respect each other, we support each other. We work closely together for the good of the nation. Within the Air Force the Air National Guard is a world-class organization. We are proud of who we are and what we do. We're smaller, yes -- but just call, we'll be there and we'll do the job -- willingly and well.

**STATEMENT OF MAJOR GENERAL MAX BARATZ
CHIEF, ARMY RESERVE**

Mr. Chairman and distinguished members of this committee, thank you for the opportunity to testify on behalf of the United States Army Reserve.

As America's Army positions itself to meet the National Military Strategy for the 21st Century, the Army Reserve is decreasing in strength from 319,000 in Fiscal Year 1989 toward a projected 208,000 end strength by Fiscal Year 1998. As we lose 111,000 soldiers, or over 1/3 of the Army Reserve Force, I found it necessary to assess Army Reserve command and control structure. This assessment was limited to the 48 contiguous states and did not address the three overseas ARCOMs (Europe, Puerto Rico, and Hawaii).

To best accomplish this transformation, a General Officer Steering Committee (GOSC) was formed and chartered to develop a concise plan. This group was comprised of five general officers who then commanded Army Reserve Commands (ARCOMs). I selected them to ensure the broadest possible scope of representation among their peers. They represent geographically dispersed regions of the United

States, diverse command experience and varied management skills. The objectives given this group were to reduce layering and redundancies, align the force more efficiently, reduce span of control, conserve resources and derive a solution for success that would increase the value of the Army Reserve to America and America's Army.

As approved by the Department of the Army, the current structure of 20 continental United States ARCOMs, controlled by the United States Army Reserve Command, will be reduced to ten Regional Support Commands. The Regional Support Command geographic alignment allows for more efficient regionalized management and reduces the span of control for the U.S. Army Reserve Command from the current 46 to 30 directly reporting continental United States subordinate headquarters. This process will allow more time for subordinate commands to dedicate to readiness, more efficient mobilization, and substantive overhead reduction.

The GOSC used a four-step process: (1) They assessed the impact of the end of the cold war on the Army Reserve, (2) developed a strategy to support America's Army in concert with the National Military Strategy, (3) constructed a building block approach to implement the strategy and finally, (4) combined these steps into a logical and cost effective plan that provides intrinsic value.

This action will not transform the Army Reserve into a smaller version of the cold war force, but rather into an Army Reserve able to provide fully ready units for America's Army. As an example, the Regional Support Commands have been designed to provide all soldier support for Army Reserve units within their geographical boundaries, provide command and control for specific units, and integrate resource management for all units under their command. The removal of soldier support from functional commanders allows the go-to-war commander to focus training time on wartime missions. This will improve readiness, leverage scarce resources and supplement our intrinsic value to America's Army.

The proposed structure will permit the Army Reserve to provide more efficient support to all of its units. The ten current Army Reserve Commands that

will reorganize into Regional Support Commands are: 63d ARCOM, Los Alamitos, California; 77th ARCOM, Fort Totten, New York; 88th ARCOM, Fort Snelling, Minnesota; 89th ARCOM, Wichita, Kansas; 94th ARCOM, Hanscom AFB, Massachusetts; 96th ARCOM, Salt Lake City, Utah; 99th ARCOM, Oakdale, Pennsylvania; 121st ARCOM, Birmingham, Alabama; 122d ARCOM, North Little Rock, Arkansas; and the 124th ARCOM, Seattle, Washington. They will convert to their new structure and missions in their present locations. The Regional Support Command will be staffed by an average of 321 drilling Reservists and 176 full time employees. The size of the staff depends on the geographical size and the number of soldiers/units supported. An ARCOM, today, has an average of 262 drilling Reservists and 102 full time employees.

In addition, three Regional Support Commands, because of their troop population and geographical dispersion, would each have a subordinate Regional Support Group to assist them in providing administration, logistics and general support services to soldiers in their area. The ARCOMs scheduled to become Regional Support Groups are: 90th ARCOM, San Antonio, Texas; 120th ARCOM, Fort Jackson, South Carolina; and the 123d ARCOM, Fort Benjamin Harrison, Indiana. They also would remain in their current locations. An RSG will have an average of 93 drilling Reservists and 61 full time employees. Again, the specific

range depends on geographical area and the number of soldiers/units supported in that area.

As a result of the reorganization, the seven ARCOMs that will inactivate are: the 79th ARCOM, Willow Grove, Pennsylvania; 81st ARCOM, East Point, Georgia; 83d ARCOM, Columbus, Ohio; 86th ARCOM, Forest Park, Illinois; 97th ARCOM, Fort Meade, Maryland; 102d ARCOM, St. Louis, Missouri; and 125th ARCOM, Nashville, Tennessee. Some of the numerical unit designations will be retained to rename Regional Support Commands to preserve the heraldry of distinguished former Army Divisions.

To maximize potential and reduce the loss of quality personnel, ten new U.S. Army Garrison Support Units will be stationed in nine locations where ARCOM headquarters will inactivate or convert to Regional Support Groups. These garrison units are critical to installation expansion capability during mobilization. Stationing them in locations where ARCOMs inactivate allows us to retain qualified soldiers,

improve readiness by reducing the activation period for the garrison, and maximize resources to meet Army force structure requirements.

This concept produces a reduction of 1937 drilling Reserve spaces to include more than 350 military high grade spaces and 89 civilian high grade spaces. Inactivation of ten Army Reserve Command headquarters at an average fixed cost of \$7.6 million yields a \$76 million Army Reserve reinvestment potential. Additionally, this would improve the readiness of our "first to fight" units.

In addition to the readiness enhancements already discussed, the efficiencies gained by the reorganization will directly contribute to improved readiness. Improving management structure by reducing span of control lends itself to creating a more productive environment. For example, actions like these allow you to streamline budget processes thereby providing for efficient dollar management for your "first-to-fight" units. Filling garrison units with already trained personnel allows us to capitalize on a valuable National resource — the American soldier.

As I previously stated, this plan was approved by the Department of the Army on December 2, 1994. Based upon that approval, many actions, such as personnel relocations, related civilian early retirement programs, and transition benefits for drilling reservists, have been initiated. These activities, as well as a host of related functions, if reversed, would have a substantially negative effect on the very USAR unit readiness we are working so hard to improve.

In summary, this plan:

- Enhances readiness.
- Focuses our go-to-war commanders on their wartime missions.
- Provides focus for Regional Support Commands on administration, logistics, and soldier support tasks.
- Is cost effective in a time of decreasing resources.
- Reduces our span of control.
- Assists us in reaching our end-strength of 208,000.
- Reduces our command and control structure in accordance with the

National Performance Review (Gore study), the Bottom-Up Review and the Army Plan.

Supports our National Military Strategy.

Improves our intrinsic value to America's Army.

1995 POSTURE STATEMENT
RADM THOMAS F. HALL, USN
CHIEF OF NAVAL RESERVE

***Peacetime (Contributory) Support
A Way of Life in the Naval Reserve***

The Naval Reserve is dramatically increasing the amount of Peacetime (Contributory) Support to the fleet in the performance of operations, responding to national security contingency requirements, and conducting operational training. Comprising 92 percent of the Naval Reserve, prior service personnel represent a significant investment of both money and training by the United States in the men and women of the Navy. Each Navy member, at the end of their active obligated service, possesses specific and valuable skills. The use of the Naval Reserve to provide Peacetime (Contributory) Support, doing the Navy's work today, offers an ideal opportunity to capture and exploit that important prior service investment. We devoted well over a million Reserve mandays in Fiscal Year 1994 to contributory support, an increase of one-third over the previous year. More than 700,000 mandays of this support were provided directly to the Atlantic and Pacific Fleet Commanders-in-Chief. We expect the increase in Peacetime (Contributory) Support to continue to increase for the foreseeable future. Several factors contribute to this upward trend.

First, the Naval Reserve Force has accomplished nearly all of its portion of the "rightsizing" efforts that the Navy is conducting to reshape itself for the post-Cold War national security environment. The Naval Reserve approached rightsizing as an opportunity to transcend simple numbers. We determined the right types of ships, airplanes, equipment, and systems. We focused on identifying, training, and retaining the right people to operate this equipment and to perform their missions. By the end of Fiscal Year 1995, Naval Reserve rightsizing will be 96 percent completed. The Naval Reserve is now effectively structured to help carry out the Navy's missions as delineated in the maritime strategy "Forward...From the Sea."

Second, the Naval Reserve Force now operates state-of-the-art, fully fleet-compatible equipment to an extent unprecedented during any other period in our history. We have already accepted delivery of new types of aircraft, as well as the latest updates to hardware systems already in the inventory. In the near future, we will also take charge of new classes of ships as they enter both the Navy's Active and Reserve forces. Gaining complete equivalence between Active and Reserve has allowed the seamless integration of Naval Reserve units and personnel into

the flexible mix of forces that has responded successfully to the nation's security needs repeatedly over the past year.

Third, the Department of Defense continues to place greater reliance on the Reserve Components. Although the final outcome of the ongoing military roles and missions study is not known, clearly, the commission is exploring the expanded use of all Reserve Components. Currently, the Naval Reserve's budget constitutes approximately 3.4 percent of the Navy's total budget authority. The Naval Reserve continues to be an outstanding investment for the American people, with a very high return realized on each dollar invested.

Finally, the Navy has shifted its strategy away from defeating a global, blue-water threat on the high seas, toward projecting strength and influence along the littorals. The concept has been amply validated by the many successful naval operations carried out since the shift in strategy was established. In responding to contingencies around the world, Naval Reservists have demonstrated exceptional capabilities, flexibility and reliability. We find ourselves in an era of unpredictability, of fragile security and stability, instead of the era of peace that many hoped would result from the collapse of the Soviet empire. Naval Reservists rightly anticipate being called upon to continue to defend American interests at home and abroad.

Peacetime (Contributory) Support

Fewer Active forces are available to meet operational requirements around the world, making the Naval Reserve's role increasingly important in today's Navy. During Fiscal Year 1994, the Naval Reserve provided over 1.3 million mandays of direct Peacetime Support to the fleet. In addition to augmenting the capabilities of the Active Forces, Naval Reservists perform many of the missions that are required only during times of a national emergency. Many of these missions, for example: port security; airborne logistic support; and combat search and rescue helicopter squadrons; are not found in the Active Force. Each of the Naval Reserve's varied communities provide some level of Peacetime Support for the Navy. For example, during FY-94, Naval Reservists provided the following types of support:

- Fleet Logistics squadrons, which comprise 100% of the Navy's organic airlift support capability, flew over 50,000 flight hours and 428,000 mandays in support of Navy and CINC requirements. 91 percent of their available time was dedicated to direct support.

- Naval Reserve aircraft and ships provided 13 percent of the Navy's flight hours and 16.3 percent of the Navy's total steaming days in support of counter narcotics operations. Naval Air Reserve squadrons, including: maritime patrol (VP), airborne early warning (VAW), and light Antisubmarine Helicopter (HSL) squadrons have increased support from 432 flights hours in FY-88 to 2,800 flight hours in FY-94. This occurred despite a 30 percent reduction in force structure. Mobile Inshore Undersea Warfare (MIUW) units were also extensively involved in support of law enforcement agencies detecting and monitoring sea traffic.
- Naval Reserve Maritime Patrol aircraft flew over 8,900 hours, and provided over 30,000 mandays in support of fleet requirements.
- Currently representing 60 percent of the Navy's adversary training force, the Naval Reserve is scheduled to assume 100 percent of the Navy's air adversary training capability in 1996. This will occur as four fleet adversary squadrons decommission. In FY-94, Naval Air Reserve squadrons flew over 5,800 hours and provided 132,000 mandays in support of fleet adversary training.
- Naval Reserve intelligence specialists represent 48 percent of the Navy's total intelligence capability. They provided over 91,000 mandays, or 60 percent of all available time, to direct support of Navy and Joint intelligence requirements.
- Naval Reserve medical and dental personnel comprise 28.5 percent of the Navy's medical capability. They performed over 173,000 mandays of Peacetime Support, in which they provided invaluable medical treatment to military personnel around the country and overseas. Naval Reserve medical personnel have been fully and seamlessly integrated at every drilling site. They provide treatment for military personnel and their families at clinics and hospitals, serve on credentialing boards, and provide other forms of support to Navy treatment facilities. Additionally, they were recently part of the medical forces assigned to Croatia.
- Naval Reserve Force Frigates provided in excess of 232,000 mandays of support during FY-94. During these periods, they performed counter narcotics, humanitarian, fleet exercise and operational missions.

- Naval Reserve Construction Forces (SEABEES) comprise 60% of the Navy's total construction force assets. These units provided the fleet CINCs with over 200,000 mandays of invaluable support in FY-94.
- Mobile Inshore Undersea Warfare (MIUW) units of the Naval Reserve represent 100 percent of the Navy's harbor security forces. These units have taken part in nearly every major exercise and operation, including UPHOLD DEMOCRACY in Haiti.
- Naval Reserve Supply units constitute 90% of the Navy's expeditionary logistics support force and 10% of the total supply force. They provided direct support for contracting, hazardous materials oversight, Naval Supply Center customer service and inventory control. Expeditionary logistic forces created advanced bases for movement, storage, and delivery of war material to support CINC requirements. They provided over 219,000 mandays of support in FY-94.
- Naval Reserve Command and Control Warfare Opposition Forces flying the EP-3J and EA-6B electronics aircraft provided over 2,000 flight hours and 28,000 mandays for fleet electronic warfare opposition forces in FY-94.

During the past year, the contributions of the Naval Reserve have been varied and comprehensive. We have been an integral part of every major operation and contingency in which the Navy has been involved. From Iraq, to the Balkans, to Haiti, the Naval Reserve has provided invaluable service to the Navy and this Nation. Naval Reserve participation has included:

- Operation UPHOLD DEMOCRACY (Haiti). Naval Reservists, serving with peacekeeping forces, provided intelligence, military sealift, and headquarters support. 135 Reservists were mobilized under Presidential Recall Authority.
- Operation ABLE VIGIL (Cuban). Naval Reserve Force Frigates were key elements assisting the US Coast Guard in interception of Cuban refugees at sea.
- Operation PROVIDE PROMISE (Croatia). Naval Reservists worked alongside their active duty counterparts to provide health care services to peace keeping forces.
- Operation SEA SIGNAL (Haitian refugee processing). The Naval Reserve provided military sealift, health care support, construction services to the Naval Station

Guantanamo Bay, Cuba, to provide proper care for the refugees..

- Operation DENY FLIGHT (Bosnia), SOUTHERN WATCH (Iraq) and SHARP GUARD (Adriatic). Naval Reservists provided invaluable intelligence support.
- Operation VIGILANT WARRIOR (Bahrain). We provided headquarters and harbor security support.

At the same time, Naval Reservists serving aboard Naval Reserve Force Frigates, helicopters, and maritime patrol aircraft, were conducting counter narcotic operations in the Caribbean. Additionally, our Reservists participated in numerous local operations along the Atlantic, Pacific and Gulf coasts.

Today's Naval Reserve Force complements the Active Navy in nearly every mission found in the fleet. We are focused on providing Peacetime (Contributory) Support; to augmenting operations throughout the entire range of Navy component organizations, including ships, squadrons, and fleet and shore staffs. The Naval Reserve is an indispensable component of America's Naval Forces.

Personnel and Force Structure

The Navy has been making reductions in Naval Reserve end strength in an orderly and measured manner, while shedding excess capacity no longer required by the changed international conditions. We are committed to making these reductions with minimum turbulence to the lives and careers of our outstanding citizen sailors. To make certain that these reductions have the least impact on currently drilling Selected Reservists, we use two force shaping tools.

The first is to allow normal attrition to assist us in reducing force size. Normal attrition is proving a relatively painless method of reducing the end-strength of the Naval Reserve Force, while minimizing the impact on those who desire to stay affiliated.

The second method of tailoring the reductions is to reduce overall accessions, while using available recruiting quotas to shape and balance the Force. We also use this more selective recruiting approach as an opportunity to continue improving the quality of new recruits. Where ships, squadrons and units are, in fact, decommissioned or disestablished, we make every effort to transfer those incumbent drilling Naval Reservists into other

remaining vacant positions in other units, first at the same center or base and next at other locations.

As a result, we expect to level out at the end of Fiscal Year 1995 at approximately 100,710 personnel. This is very close to our current projected out-year end strength of between 96,000 and 100,000 personnel. Clearly, a more stable end-strength will also provide a base for level funding and a Naval Reserve that will be able to continue to train and provide contributory support at unprecedented levels.

Other major factors we considered along with these reductions included the demographic distribution of the Naval Reserve Force and the desired infrastructure remaining at the end of the Future Years Defense Plan (FYDP). The goal of the Naval Reserve is to rightsize the force while ensuring a Naval presence. We will ensure there is at least one Naval Reserve facility in each and every State in order to give every one of these dedicated individuals the opportunity to serve within a reasonable distance of their home area. All of these Naval Reserve Centers and Air Sites are evaluated in light of their proximity to major population centers to provide both the greatest pool of trained personnel for the Reserve and also to afford drilling Naval Reservists the convenience and incentive of short travel times.

We are reshaping our Reserve Force in such a positive manner that has largely alleviated Reservist's concerns through aggressive Reserve Force management, extensive communications between and within all levels of the Naval Reserve Force, and caring and constructive personnel policies. The existence of generous Reserve Transition Benefits provided by Congress has also played a large part in allaying the natural concerns of our citizen sailors.

The Department of the Navy uses a Total Force philosophy that incorporates Reservists as integral parts of the Navy's response to contingency operations such as: DESERT STORM, PROVIDE HOPE, and UPHOLD DEMOCRACY in Haiti. Additionally, Naval Reservists have rendered humanitarian assistance in domestic emergencies such as earthquakes, floods, fires, and hurricanes. In fact, the Navy is planning to increase the size of the Naval Reserve as a percentage of its manpower over the period of the Future Years Defense Plan (FYDP) to approximately 20 percent of the total force.

Although providing contributory support is a top peacetime priority, the Naval Reserve is still mandated to preserve its capability for full mobilization, however unlikely total war might seem at the present time. Therefore, we simultaneously

carry out the formidable missions of being prepared for full mobilization, while continuing to respond to the routine operational and special contingency needs of the Fleet CINCs today. To this end, we have taken many steps to enhance our already high states of readiness and capability, and to provide even greater flexibility in planning and resource allocation.

The Naval Reserve will continue to absorb more responsibility for specific missions and roles from our shrinking Active Navy forces. For example, Naval Reservists provide robust support to Navy intelligence headquarters and field activities and are assuming the missions of range/training support and vertical onboard delivery. They provide increased adversary and electronic warfare support, and have expanded responsibilities in counterdrug operations. Naval Reserve Forces have also taken on increased involvement in mine warfare, combat search and rescue, and airborne logistics support.

An example of the changes we have put into place and validated through recent experience is the alignment of Reserve Construction Battalions (Seabees) under the direct operational control and responsibility of the Commanders-in-Chief of the Atlantic and Pacific Fleets. By employing flexible drilling, 12,000 Reserve Seabees are able to complete construction projects expeditiously and economically, as well as help to reduce the maintenance and repair backlogs, in direct support of the warfighting CINCs.

The process of shouldering more Active Navy responsibilities will continue throughout the 1990s. It will require that both Active Navy and Naval Reserve continually reassess our priorities, missions, structure, and resources. Our planning and training is strongly based on this expectation. In fact, we have already successfully implemented initiatives that have increased Naval Reservists' availability to the CINCs and their productivity in providing timely and effective support.

Flexible Readiness / Flexible Drilling

Two initiatives, in addition to Peacetime (Contributory), support have been successfully implemented in the Naval Reserve to complement traditional Mobilization Training: Flexible Readiness and Flexible Drilling.

New and different missions mean that mobilization requirements may differ greatly from unit to unit, or command to command within the Naval Reserve. Mobilization within 72 hours may be needed by some units. Others may not be needed as quickly. Flexible Readiness takes these differences into

account, and concentrates Naval Reserve resources on those units likely to be needed immediately. Lead times have been calculated for units likely to be required later. These units can and will be maintained at slightly lower levels of readiness. This approach to flexible readiness is providing greater flexibility in military planning and allowing the conversion of some mobilization training time to be directly applied in support of fleet requirements.

Training time must be optimized. This is best accomplished through another approach--flexible drilling, which enables Naval Reservists to most effectively and efficiently organize their drill schedules. The range of the flexible drilling policy extends from the option of completing most training requirements in concentrated blocks of time usually in direct support of their gaining commands, to the more typical one weekend a month, to highly segmented portions of drills designed to optimize highly specialized team efforts. Flexible drilling enables the Naval Reserve to more effectively respond to the needs of the gaining command.

Base Closures and Realignments

This past year, we began the process of closing installations and facilities that were identified in the 1993 round of Base Realignments and Closures. Among the facilities we will ultimately close are: two Naval Air Stations/Facilities; three Naval Air Reserve air sites; three Readiness Commands; and, thirty-four Reserve Centers. These closures reflect our efforts to reduce excess infrastructure capacity.

The Base Closure process provided the opportunity to establish the joint reserve base, Naval Air Station JRB Fort Worth, with the Navy serving as host of the facility. NAS Fort Worth JRB was established on October 1, 1994, joining NAS New Orleans and NAS Willow Grove as Naval Reserve Joint Reserve bases. We await the outcome of the 1995 round of realignments and closures, and will implement whatever initiatives are approved in that process.

Counternarcotics and Campaign Drug Free

The Naval Reserve is heavily involved in the Navy's effort to reduce the nation's drug abuse problem. The Naval Reserve continues to provide fully-integrated operational support to the Navy's counter-narcotics effort. Naval Reserve ships provided approximately 16 percent of the total surface effort in Fiscal Year 1994. Naval Reserve aviation squadrons provided

approximately 13 percent of the total air effort in these joint task force operations.

A national Naval Reserve initiative strongly supported by individual Naval Reservists is the CNO flagship community service program, "Campaign Drug Free." This program sends volunteer Naval Reservists, in uniform, into schools as role models to emphasize the benefits of living drug free as a complement to existing drug education programs. "If you want to be a success, don't use drugs," is the message Campaign Drug Free volunteers and role models have carried to over 100,000 young people through presentations given in communities across the nation.

Naval Surface Reserve Force Structure

The numbers and types of ships in the Naval Surface Reserve Force will change based on changes to and within the Active fleet. The Navy has accelerated retirement of many surface ships as it restructures to meet the challenges of selectively modernizing and re-capitalizing its surface forces.

We are increasing the mission readiness and operational capability of the Surface Reserve Force with a concomitant rise in the number and type of Naval Reserve ships, as we actually increase the Reserve Force from 16 ships in FY-94 to 21 in FY-95.

When USS JOHN F. KENNEDY (CV-67) completes its Service Life Extension Program (SLEP) in September of 1995, it will join the Naval Reserve Force as the first Operational Reserve Carrier (ORC). The ship's crew will be manned at 80 percent Active duty, 10 percent TAR, and 10 percent Selected Reserve.

USS INCHON (LPH-12) will be converted and transition to the Naval Reserve Force for a new and unique role in mine warfare. As the first Mine Countermeasures Command, Control, and Support Ship (MCS-12), USS INCHON will provide on-station support for forward-deployed airborne and surface mine countermeasures units and supporting elements of Explosive Ordnance Disposal and Naval Special Warfare.

Our Naval Reserve Mine Warfare mission is undergoing other significant changes as well. In 1995, the first of the Navy's newly-commissioned MHC-51 Osprey class Coastal Minehunters will join the Fleet. Eleven will be assigned to the Naval Reserve Force. Four of the Navy's new sophisticated Mine Countermeasures ships are also entering the Naval Reserve Force: USS AVENGER (MCM-1) and USS DEFENDER (MCM-2) in FY-1995, with USS PIONEER (MCM-9) and USS WARRIOR (MCM-10) in FY-96. We will establish extra MCM crews comprised entirely of Selected Reservists.

Rotating these crew members will greatly increase the ability of any of the MCM ships to remain on station for extended, forward-deployed operations.

The Naval Reserve Force will continue to complement Fleet amphibious lift capability. The Naval Reserve will provide cadre crews to man five Amphibious Cargo Ships (LKAs) and Tank Landing Ships (LSTs), in reduced operating status (ROS), should these ships become necessary to transport Marine Expeditionary Brigade cargo for contingency operations. In FY-95, we will establish new Surface Reserve units to support two operational LSTs, assigned to the Naval Reserve Force. The two LSTs will support training for Selected Reservists assigned to LSTs in a ROS status.

We are decommissioning the older Naval Reserve frigates (Flight I and II FFGs) and replacing them with newer Flight III and IV FFGs. Our Naval Reserve Perry class frigates participate in fully-integrated fleet operations, as well as in contingencies and fleet exercises.

Naval Air Reserve Force Structure

In the Naval Air Reserve Force, members of VR-48, at the Naval Air Facility Washington, took on the new Air Reserve responsibility of transporting passengers and/or cargo in the Pacific theater, when they accepted delivery of two C-20G Gulfstream long-range, high-speed jet aircraft. These aircraft are equipped with a 26-seat cabin and a cargo door, and are intended for rapid, medium-lift, intra-theater airlift missions.

We have linked the remaining Reserve Carrier Air Wing, CVWR-20, to what will be the Operational Reserve Carrier, USS KENNEDY. CVWR-20, along with ten Active air wings, will comprise the Navy's tactical air force. Our air crews will be closely involved in the carrier's shakedown and operational readiness training when the ship comes out of overhaul in FY-95.

The Air Reserve inventory will eventually include seven C-9B, four C-130T, and one C-20 squadron, and three support detachments. Our squadrons supply the Navy's sole organic airlift capability for meeting CINC requirements worldwide.

Integration of Active and Reserve Airborne Mine Countermeasures squadrons was completed in March 1995. This integration of the squadrons improves operational integration and enhances the Navy's overall mine warfare capabilities.

Our six other Reserve helicopter squadrons will continue to perform missions identical to Active Fleet squadrons, including antisubmarine warfare, combat search and rescue, logistic support, and special warfare support.

Our maritime patrol aircraft will continue to move toward complete airframe compatibility with P-3C Update III aircraft making up a bigger portion of our nine VP squadrons.

Future Trends for the Naval Reserve

Providing Contributory Support will continue to be a way of life in the Naval Reserve. We are rightsized and effectively structured to support the needs the Navy. The Naval Reserve is also now more closely connected to our gaining commands and more responsive to CINC requirements. Accordingly, we expect to continue expanding into additional roles and missions within the Navy. Other trends for the Naval Reserve are likely to include:

- Expanded use of the Naval Reserve during crisis response and humanitarian missions, in addition to mobilization training;
- Continued employment of flexible training to provide increased real-time Peacetime Support to Active Navy commands and forces;
- Tiered readiness to meet varying warning times;
- Expanded roles and functions in joint missions;
- A growing role for Reservists in military/community cooperation programs;
- Increased opportunities for women aboard ships and other units and commands, as directed in the CNO-approved embarkation of Women-at-Sea plan;
- Streamlining of infrastructure;
- Maintaining presence in heartland America.

There are many new responsibilities that came out of last year's Roles and Missions Study, "The Future Naval Reserve," chaired by the Honorable Deborah Lee, Assistant Secretary of Defense for Reserve Affairs, that are being considered for us to take on in the Naval Reserve Force. We are already engaged in implementing 10 of 14 recommendations identified in the study, including:

- Providing Selected Reservists for the Repair Department and the Military Detachment on ship repair tenders (AD or AS) in Reduced Operating Status;
- Increasing our capability and participation in Airborne Electronic Warfare;
- Providing increased Airborne Early Warning capability in the counterdrug mission with the projected transfer of VAW-122 to the Naval Reserve;
- Updating Surface and Air mine warfare capability with the addition of MCMs and MHCs to the NRF and the integration of our HM squadrons into Fleet HM squadrons;
- Improving intra-theater airlift through the improvement of C-9B aircraft;
- Increasing participation in intelligence operations;
- Increasing our capability and participation in integrated undersea surveillance systems;
- Increasing adversary training for the fleet with CVWR-20 flying 15,000 hours this fiscal year, as Naval Reservists become virtually the sole source for this training; also, improving training by relocating VFC-13 to NAS Fallon;
- Serving as command and control warfare opposition forces; and,
- Reviewing the potential to provide chemical and biological warfare decontamination support.

In addition to these ten initiatives, we are supporting and presently staffing five additional new Navy initiatives that go beyond the roles and missions study:

- Amphibious Enhancement Plan that includes the transfer of six LSTs and five LKAs into the Naval Reserve Fleet or a Reduced Operational Status, with Reserve augmentation;
- Expanded logistics capability through additional C-20 and C-130 aircraft in the Naval Air Reserve Force, culminating in two C-20 Detachments and four C-130 Squadrons;
- VQ Maintenance Augment units being considered; and,

- Increased accessibility and availability of Naval Reservists, permitting even greater support to the Total Force.

The process of assessment and evaluation is on-going. Some missions may be withdrawn altogether from both Active and Reserve forces as a result of the vastly different security conditions faced by U.S. forces around the world and others may be added.

SUMMARY

These are challenging and exciting times for the Naval Reserve. The Naval Reserve has evolved from its former role as a pool of trained and ready personnel available upon mobilization, to a valued source of highly trained sailors who provide vital Peacetime (Contributory) Support. Today's Naval Reserve Force has become an asset routinely relied upon to help conduct day-to-day naval operations, respond to unexpected national security contingencies, and perform humanitarian assistance, at home and abroad.

As we continue to respond to emerging national security challenges, the prospects for the Naval Reserve Force have never been brighter. Naval Reservists answered the nation's call for Operations DESERT SHIELD and DESERT STORM. Equally impressive have been their voluntary accomplishments since then -- contributing to the success of a widely varied spectrum of significant Navy operations around the world. Our readiness has never been greater, nor our capability and state of modernization. I am confident that, with the continued support of the American people, the Naval Reserve Force will continue to evolve, to improve, and to shoulder an increasingly larger share of responsibilities that contribute directly to the well-being and security of the nation.

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON NATIONAL SECURITY

SUBCOMMITTEE ON MILITARY PERSONNEL

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: RESERVE COMPONENT ISSUES

STATEMENT OF: MAJ GEN ROBERT A. MCINTOSH
CHIEF OF AIR FORCE RESERVE
UNITED STATES AIR FORCE

MARCH 1995

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON NATIONAL SECURITY
UNITED STATES HOUSE OF REPRESENTATIVES

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE: Thank you for the opportunity to appear before you today. The Air Force Reserve is a force of dedicated, hard working patriots who volunteer their time and energy to meet the needs of the Total Air Force and of our nation, day in and day out, in war and during times of peace. Each man and woman in the Air Force Reserve is proud to serve, just as I am proud to represent them.

The Air Force Reserve's mission is very straightforward: we are to *ensure that our units and individual members are prepared to accomplish their assigned missions in support of national objectives.*

Our success in meeting our mission is built on a foundation of core values shared by all of us in the Air Force Reserve. These values are integrity, courage, competence, tenacity, service, and patriotism. Our record of achievement has stood for years as a benchmark for the other Reserve components. We are mission-focused and recognize the need to continuously improve and adapt to meet changing and challenging conditions and demands.

Good leadership is a key for guiding and shaping an organization like the Air Force Reserve. Reserve leaders are tasked with creating an environment that inspires trust, teamwork, and continuous improvement. We must ensure that everyone has the information, resources, responsibility, authority, and accountability necessary to accomplish our mission. I adhere to these tenets and am deeply committed to a strong Air Force Reserve.

YEAR IN REVIEW

I would like to thank this committee and Congress for your continuing support. Only a few of us in the Reserve are considered full-time employees. Most of our 78,000 drilling Reservists somehow must find the time to serve both country and employer, nurture families, and still meet the myriad demands associated with life in America. This monumental task is made

easier because we enjoy the support of Department of Defense, the Air Force, the American people and the Congress.

Recently passed legislation benefits Reservists in many ways. The newly enacted Reserve Officer Personnel Management Act (ROPMA) allows the reserve components to manage their officers' careers competitively against a common set of standards and requirements, much the same as those applied to active duty officers.

Transition benefits for Reservists affected by force reductions minimize the impact suffered from our ongoing unit and manpower drawdown. The Uniformed Services Employment and Reemployment Rights Act of 1994 gives peace of mind to Reservists who are called away from home for extended periods to meet our nation's needs. It specifically outlines an employer's obligation to treat Reservists fairly and clarifies a Reservist's responsibilities to his or her employer. This legislation was most welcome and again I thank you for your support.

The Montgomery GI Bill is one of our best recruiting and retention tools. I thank Mr. Montgomery for his foresight and hard work in our behalf. Congress recently expanded the Montgomery GI Bill to widen the range of eligibility, to allow education benefits to be applied to graduate level study, and to cover a broader range of vocational and technical schooling. These are powerful incentives for young Americans who are considering a career in one of the reserve forces or who are undecided about continuing their membership in the Reserve.

Thousands of miles from home is where we in the Air Force Reserve find ourselves more often these days. The Air Force Reserve is moving inexorably toward a peacetime augmentation role as we increase our support of the overall mission of the Air Force. Air Force Reservists are deployed somewhere around the world every day of the year, often on the leading edge of

American presence. Reservists and aircraft stand regular rotations of active duty in Central America, Europe, the Baltic states, and the Middle East. Others can be found routinely plying routes across the Atlantic and Pacific Oceans, Europe, Asia, and the Pacific rim, supporting Air Mobility Command requirements. Air Force Reserve fighters, crews and support personnel are in their third year of participation in Operation Deny Flight. The tally of Air Force Reserve forward presence is most impressive; we have been on the point of the spear since the very first hours of Operation Desert Shield and remain there today. I am proud of how much we accomplish each day with such a small percentage of Air Force assets.

The Air Force Reserve has a role in many Air Force missions. The latest new mission for the Air Force Reserve is the KC-135 associate unit mission. The 931st Air Refueling Group was officially established in January 1995, the first time we have flown the KC-135 in an associate role. Established at McConnell AFB, Kan., the unit will share aircraft with the active force's 22nd Air Refueling Wing.

The associate program, unique to the Air Force Reserve, is a cost effective way to get the most from a weapon system. There are currently 22 associate squadrons in the Air Force Reserve. Two more will become operational by the end of 1996 as the Reserve tanker unit at McConnell comes on line. Associate unit advantages include increased surge capability, growth potential, and cost effectiveness. We are examining the possibility of expanding the associate program into other mission areas. Our study on a Reserve associate fighter capability is due to the Senate Armed Services Committee by 1 May 1995.

Unique to the Air Force Reserve are the fixed wing aerial spray and hurricane reconnaissance missions. The Reserve spray mission, the only one in the Department of Defense,

was expanded in 1994 to include aerial spray of oil dispersant chemicals. We developed this capability in conjunction with the US Coast Guard. Specially trained Reserve crews from the 910th Airlift Wing, Youngstown, Ohio, can use it effectively to break up oil spills on open water.

The 53rd Weather Reconnaissance Squadron, Keesler AFB, Miss., continues to provide yeoman service tracking major storms that threaten our coastal areas. They track and penetrate storms while over water to collect invaluable data on size, wind speed, direction, and intensity. Working hardest during hurricane season, the 53rd also supports research and airlift operations when not tracking storms.

The Air Force Reserve will soon assume the space shuttle launch and recovery support mission from the active force. The 301st Air Rescue Squadron will be responsible for shuttle launch and recovery and related Atlantic Range support requirements. This is another good mission for the Air Force Reserve.

We are moving toward one fighter wing equivalent in the Air Force Reserve. Today our fighter force consists of F-16s and A/OA-10s. Planned upgrades and improved mission capabilities will make Reserve fighter units even more combat capable as the force evolves in the coming years. Although we have the least fighter involvement of the three elements of the total Air Force, it is imperative that we continue in this mission area. The wisdom of maintaining a fighter presence in the Reserve has paid dividends since the Vietnam era and cannot be understated. If we are to fully support the Air Force, we must be part of every major Air Force mission, including combat forces.

The 917th Wing at Barksdale AFB, La., is now fully equipped with 8 B-52H Stratofortresses, marking our first sojourn into the heavy bomber mission. The unit is converting and well on its way to mission ready status.

Airlifters and tankers make up the bulk of the Air Force Reserve fleet. These missions are very cost-effective because we are able to support day-to-day Air Mobility Command missions as a by-product of crew training. As a result, we often move people, parts and equipment as part of our scheduled training requirements. Aerial refueling training requirements are similar: Reserve crews must refuel other airplanes in flight to retain their proficiency.

Some of the Reserve's best contributions to the total Air Force come from exceptional performance outside the cockpit. The 433rd Airlift Wing, a C-5 unit at Kelly AFB, Texas, was tasked to refurbish 18 huge C-5 Galaxy transports in the time it normally takes to refurbish six. By employing quality processes used commonly throughout the Air Force Reserve, the teams at Kelly reduced cycle time from 45 days per aircraft to just 15. Overall savings to the government was more than \$200,000. As a result, the new standard cycle time for a C-5 is reduced to 30 days. This is a direct improvement in readiness and is typical of the quality environment found in the Air Force Reserve today.

In addition to our military missions, Air Force Reserve units and people are becoming more involved in initiatives to focus our many skills and talents closer to home. In mid 1994, we developed and tested a program called OPERATION GALILEO, designed to introduce disadvantaged youth to practical applications of math and science. This very structured program has enormous potential and is supported at the highest levels of the Air Force and Department of Defense. We plan to implement a year-long pilot program at three Reserve units this summer.

OPERATION GALILEO should be fully operational in 1996. The 433rd Airlift Wing currently hosts Starbase Kelly, a similar type of program, at Kelly AFB, Texas. This program gives disadvantaged children from the San Antonio area the opportunity to gain hands-on experience in aeronautical and other technical subjects.

In 1994, Air Force Reserve crews and aircraft dropped 12,000,000 pounds of fire retardant on raging wildfires throughout the western United States. Our storm trackers kept close watch on hurricanes spawning in the Atlantic and Pacific, helping avert disasters from the sea. Other Reservists helped avoid a disaster of another kind. Many worked around the clock during the Cuban refugee exodus across the Straits of Florida, helping avert what could have been a tragic loss of life.

Three major elements make up the Reserve family: Reservists, their families, and their employers. All three are important and contribute to readiness. We have easy access to feedback from Reservists and their families, but employers can be another matter. We are planning to survey 1,600 businesses that employ Air Force Reservists. We will use the results of this survey to formulate better employer support strategies in the future. We must earn and keep the support of our employers; they are essential to a strong Air Force Reserve.

READINESS

Readiness is the number one business of the Air Force Reserve. I am proud to say that we are combat ready and able to prosecute any mission we are responsible for. Everything we do affects our readiness. In addition to the operational issues normally associated with readiness, I include quality of life, recruiting and retention, manpower cuts, funding, command and control,

and the practice of quality in the workplace. Any of these areas can significantly impact readiness.

Today, the Air Force Reserve is overall a combat ready force.

The bottom line in the Air Force Reserve is our people. Whether the Reservists themselves, their families or their employers, the Air Force Reserve could not exist without good people. It is imperative that we maintain a quality of life in the Reserve that will ensure people want to join, to stay with us, and to be there when our nation needs them. Reservists give us a large part of their time. We ask a great deal from them and get it. Compensation for a job well done often involves more than a pay check.

Quality of life is as much a readiness issue as is modernization, operations tempo, or flying safety. As expectations on Reserve participation increase, it is important to remember that our Air Force Reservists are all volunteers -- their service to the nation is not compulsory. We must treat our Reservists, their employers, and their families fairly and with respect. Quality of life issues quickly can become pivotal decision points for Reservists faced with the hard choice of staying in or separating from the service.

Our goal is to recruit and retain the very best people available. Although we do our best to recruit from local population bases, many Reservists routinely commute great distances to participate. This is a testament to their desire to serve and to continue their military service to the country. When it is not practical for a Reservist to go home at the end of the duty day, he or she is authorized to stay in government lodging at the unit location. Language in the Fiscal Year 1995 Defense Appropriations and Defense Authorization Acts provides for reimbursement of charges for lodging. This helps us recruit from much larger areas. Approximately 90 percent of the lodging at Reserve bases does not meet minimum DoD standards. As a result, we often must

resort to using more expensive contracted quarters to meet the needs of our Reservists. We are in the process of assessing the lodging situation at Air Force Reserve bases and expect renovations and upgrades. Air Force Reserve units that are tenants on active Air Force bases face a similar problem in that, while the lodging available is very good, there are not enough rooms to meet peak demands during Reserve training periods. This issue also may need to be addressed if we are to continue to recruit and retain the best people.

Recruiting and retention are topics of interest in all services. We are meeting the goals we set for ourselves during this period of force reduction. However, the future holds some recruiting challenges for us, just as it does for the other services. Recruiting people with prior military service and training saves us a great deal of money. We try to recruit as much as 80 percent of our new accessions from the prior service pool. A real success story for the Air Force Reserve is our medical recruiting. By applying quality principles, a three-person Air Force Reserve team drastically improved commissioning of health professionals, reducing the time it takes to access a new medical professional by two-thirds from 280 days to 90.

The mobilization of nearly 25,000 Air Force Reservists during Desert Storm taught us that family support services are as important to the Air Force Reserve as the equipment we fly or the people we recruit. We learned that situations and perceptions at home greatly affect morale in the field. To meet these needs, we established a family support coordinator at Reserve headquarters and family support offices at each unit. We have filled a number of these positions and are working toward the program's fullest potential.

The traditional work force of the Air Force Reserve is about 85,000 military and civilians combined. Reductions in force structure and base closure actions contribute to personnel

turbulence within the Reserve. This is amplified by our relatively small size. We are careful to retain as much of our experience base as possible, working to find other positions for people who have lost jobs through no fault of their own. Reserve manpower reductions are being met through attrition and early retirement whenever possible. A recent decision to make additional across-the-board personnel cuts has the potential to impact readiness.

Although our world-wide participation indicates otherwise, the Air Force Reserve is a part-time military force. Drilling Reservists are required to participate a minimum of about 40 days a year. However, the Reserve flying mission goes on year 'round, thanks to a small cadre of full-time employees known as air reserve technicians, or ARTs. ARTs are a special combination of civil service employee and Air Force Reservist who form the nucleus of each Reserve unit. ARTs make up only 15 percent of overall unit military end strength. Eighty-five percent of all ARTs are concentrated in operations and maintenance. They provide the day-to-day continuity that allows a Reserve unit to be fully-trained, combat-ready, and deployable within 72 hours. ARTs are also responsible for establishing and maintaining training programs for the Reservists who drill on weekends. We need a strong and stable ART force to meet our mission requirements. If people are the heart of the Air Force Reserve, ARTs are the sinew that hold the muscles of our operational readiness together.

One of the most significant reasons for the success enjoyed by the Air Force Reserve is our command structure. We have, from the very beginning, commanded ourselves. No one knows our strengths, weaknesses, needs and capabilities better than those of us who serve in the Reserve. The entire chain of leadership, from the top to the bottom, in the Air Force Reserve is made up of seasoned, experienced Reservists. This is an enormous advantage. As Chief of Air

Force Reserve, I am deeply committed to providing cost-effective support to meet the nation's needs. We recently developed a blueprint, *The USAFR Continuous Improvement Master Plan*, which focuses the synergy of everyone in the Air Force Reserve. The plan emphasizes leadership and accountability, beginning with me.

ACCESSIBILITY

The Air Force Reserve is a full partner in the total Air Force. Our mission is to provide combat - ready forces in time of war, but the reality of today's global situation dictates that we serve as a peacetime augmentation force as well. When needed, we step from business suits into flight suits and go to work, meeting our taskings with volunteers. In the Air Force Reserve, *accessibility* to trained, mission-ready people is not a problem. Reservists continue to volunteer at heroic levels. The only limiting factor could be their *availability* in volunteer status for long periods of time. Volunteers' participation is limited by statutory provisions to no more than 179 days per fiscal year; anything more counts against our full-time end strength levels. Currently, our aircrews average 123 days of participation a year.

Air Force Reserve leadership supports current Department of Defense policy on reserve component accessibility and involuntary recall in response to one or two major regional conflicts. An immediate need for a large number of Reservists may require involuntary recall to meet the requirement. While involuntary recall may be necessary in some cases, volunteerism is the Air Force Reserve option of choice and we have proven it to be workable. Our fighter, tanker, rescue, and airlift support to Deny Flight, Provide Comfort, Provide Promise, Southern Watch, Support Hope, and Restore Democracy was manned with rotations of volunteers. World-wide, there are from 400 to 700 Reservists on duty each day, supporting contingency operations and

our national interests. Reserve fighters, crews and support personnel are now on duty overseas supporting Operation Deny Flight. This is the third year we've taken part in this important mission. Here at home, Reserve volunteers fight fires, track storms, and combat floods as well.

FORCE MODERNIZATION

The Air Force Reserve is responsible for providing approximately 20 percent of the overall Air Force capability. Since we share missions and weapons systems with the active force, it is essential that we continue to be comparably equipped. There are sound military and economic reasons for this.

Tactically, it makes good sense to keep the best, most modern equipment in the inventory throughout all components. Not only is the best equipment available across the air reserve components, but we also benefit from a commonality of procedures and capabilities. A classic example of this interoperability came about recently during Operation Deny Flight. When the United Nations decided to attack a ground target in Bosnia, a four-ship formation of A-10s from a composite unit based in Italy was orbiting overhead. Two Air National Guard pilots flying Air Force Reserve A-10s rolled in on the target. While they attacked the target, the other two A-10s were being refueled. These two A-10s belonged to an Air National Guard unit, but were flown by Air Force Reservists. Their KC-135 tanker was a Guard airplane being flown from an active duty air base by a Reserve crew. Interoperability like this would be impossible if we all did not fly the same equipment.

Logistically and economically, it is easier to support modern equipment that is the same across the service. Maintaining an adequate stock of repair parts and supplies becomes much easier. Operational rates and availability remain high. Modern, first-line equipment is safer to

operate and is usually more survivable in combat. This becomes more important as we find ourselves more heavily involved in contingency operations.

Congress and the Air Force continue to recognize the contributions of the Air Force Reserve and to provide exceptional support. The Air Force recently funded six KC-135R engine kits for the Reserve tanker fleet. These new engines offer several advantages: our tankers are quieter, have better performance and use less fuel than before. This improves our overall tanker capability and allows us to be more environmentally friendly when operating from airports in congested areas.

Converting to eight C-130H Hercules tactical airlifters at the 302nd Airlift Wing, Peterson AFB, Co., will be completed in FY 95. This increases the capability of our C-130 fleet and better supports the only modular aerial fire fighting (MAFFS) capability in the Air Force Reserve. Other improvements funded for the C-130 fleet include adding radar warning receivers to the airlift defensive systems (ADS) already installed on the aircraft. ADS - equipped C-130s played a major role in the airlift into Sarajevo and continue to be a much sought after commodity when we operate in unfriendly areas.

We continue to buy improved engines for our H-60 Blackhawk helicopters, increasing their serviceability and reliability. This is important because these are some of the hardest working aircraft in the Reserve fleet. We also added other low-cost mission enhancements to our H-60s.

Air Force Reserve F-16s and A-10s are undergoing a program to upgrade their survivability. We have improved their self defense capabilities and will greatly improve their night flying capability with the addition of night compatible cockpits. Continuing support of increased

and updated capability for Reserve aircraft will allow us to add an integrated electronic warfare system to our F-16s and A-10s.

Other weapons system improvements include forward looking infra-red (FLIR), new auxiliary power units for our KC-135Es, and advanced cost-effective simulators.

Simulators are an important part of the future for the Air Force Reserve. We believe they are a sound, cost-effective way to satisfy many of our training requirements. For this reason, the Air Force Reserve is a leader in the innovative use of these important training devices. Our F-16 multi-task trainer has grown from a box with a seat into a state of the art functional flight simulator and continues to grow in capability. We are improving its visual capability, greatly enhancing its training value. Other devices being designed for use by 1996 include a C-130H weapon system trainer and a C-130H unit-level training device. Reservists maintain their proficiency in small arms with a state of the art simulator that allows them to train without firing expensive live ammunition.

The most heavily tasked segment of the Air Force Reserve is strategic airlift. We are putting many more hours on our fleet of C-5s and C-141s than could have been foreseen just a few years ago. C-141s are the most heavily used. In the near future, we will need new, better strategic airlifters to replace some of the airframes now on the ramp. The C-17 is a superb aircraft with enormous potential. The 315th Airlift Wing, an Air Force Reserve associate unit at Charleston AFB, S.C., flies the C-17. Our first associate C-17 squadron is operational now and our second is well on its way.

APPROPRIATIONS

While everyone in the Air Force faces budgetary challenges, 1994 was a particularly challenging year for the Air Force Reserve. Nearly 90 percent of our O&M appropriation is committed to flying programs and for full-time support personnel. Overall, our appropriations fund operating expenses; personnel pay for civilians, air reserve technicians, and Reservists; and facility construction. Table I depicts our FY 1994 actuals, current estimate for FY 1995, and our FY 1996 and FY 1997 budget request.

TABLE I

Total Program Amounts, FY 1994 to FY 1997

by Appropriation

(\$ in millions)

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Reserve Personnel, Air Force (RP, AF)	785.8	768.8	782.8	777.1
O&M, USAFR	1,357.7	1,471.5	1,485.9	1,509.0
MILCON, USAFR	72.6	57.1	27.0	30.3
Reserve Equipment, USAFR	241.7	25.8	0.0	0.0
Total	2,457.8	2,323.2	2,295.7	2,316.4

The Reserve Personnel, Air Force (RP, AF) appropriation finances training programs for units and individuals required to augment the active force. It provides funds for training for drilling Reservists, individual mobilization augmentees (IMAs) and Reservists in full-time support of the Air Force Reserve. Full-time support includes day-to-day administration and management of the Air Force Reserve, recruiting, and support to major commands, the Joint Staff and other

Department of Defense staffs. These funds also support the military personnel costs of students enrolled in junior and senior Air Force ROTC, and the F. Edward Hebert Armed Forces Health Profession Scholarship and Financial Assistance Grant programs.

The \$782.8 million request for FY 1996 includes price growth of \$18.2 million and a real program decrease of \$4.2 million. The \$777.1 million request for FY 1997 includes a price growth of \$15.4 million and real program decrease of \$21.1 million. The program continues to support unit conversions from C-141 to C-17 airlifters; increasing heavy bomber, space operations and transportation missions; a restructuring of professional education and training requirements during a Reservist's career; 80 new junior ROTC detachments in FY 1996; and continuing modernization of our KC-135 fleet.

Our FY 1996 end strength request is 73,969, which is 4,737 less than the 78,706 authorized for FY 1995. The FY 1997 end strength request of 73,160 is 809 less than the FY 1996 request.

The Operation and Maintenance (O&M, USAFR) appropriation finances the daily operation of the Air Force Reserve and supports our primary mission while sustaining combat readiness. The majority of this appropriation funds requirements such as pay for civilian personnel and military technicians, fuel and other supplies for our flying program, and depot-level maintenance. Our depot-level maintenance program dollars are well-spent because we can extend the service life of aircraft and engines for a fraction of their original cost.

The \$1,485.9 million request for FY 1996 includes price increases of \$18.7 million, a program decrease of \$15.2 million and a transfer of \$10.9 million to support future DFAS billing and space shuttle assistance. Program increases for DoD readiness initiatives, half-year cost for

the associate flying mission at McConnell AFB, KS, contracting out services to partially offset end strength reductions and half-year cost for March ARB, CA, are offset by program decreases for the C-130 and WC-130 programs, National Performance Review civilian reductions, force structure conversions, and directed end strength reduction at the Air Reserve Personnel Center, Denver, CO.

The FY 1997 request of \$1,509.0 million includes price increases of \$29.7 million and a program decrease of \$6.6 million. Program increases for annualization of the associate flying mission at McConnell AFB, base operating support at March ARB, annualization of contract conversion and headquarters management end strength realignment are offset by decreases due to continuation of National Performance Review civilian reductions, force structure conversions, and ARPC end strength reductions.

Our Military Construction (MILCON, USAFR) appropriation provides funds to construct, acquire, expand, refurbish or convert Air Force Reserve facilities. Our FY 1996 request for \$27.0 million involves seven projects in five states plus \$4.2 million for unspecified minor construction and \$2.7 million for architectural and engineering services. The FY 1997 request for \$30.3 million involves nine projects in eight states plus \$4.3 million for unspecified minor construction and \$2.4 million for architectural and engineering services. This represents a modest investment in the renewal, replacement and revitalization of our physical plant infrastructure which is valued at more than \$4.5 billion.

Predictions that the Air Force Reserve will take on additional missions and a greater part of the overall Air Force work load are beginning to bear fruit. As the Department of Defense evolves in the post Cold War world, we need funding commensurate with the taskings we are

expected to accomplish. We also will need sufficient funding and people to operate the equipment if we are to accomplish the mission. I am very proud of the way we husband our resources in the Air Force Reserve. It is important that we continue to be adequately funded and supported.

CONCLUSION

The men and women of the Air Force Reserve are part of a larger team. We stand side-by-side with the active duty Air Force and the Air National Guard to answer our nation's call during peace and during war. We are proud, able and ready. With your support and the support of the American people, we will continue to be the most cost effective aerospace force in the world.

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
NATIONAL SECURITY
COMMITTEE

STATEMENT OF
BRIGADIER GENERAL RONALD G. RICHARD
UNITED STATES MARINE CORPS
ASSISTANT DEPUTY CHIEF OF STAFF
FOR MANPOWER AND RESERVE AFFAIRS,
FOR RESERVE AFFAIRS
BEFORE THE
SUBCOMMITTEE ON
PERSONNEL
HOUSE NATIONAL SECURITY COMMITTEE
CONCERNING
RESERVE COMPONENT ISSUES
MARCH 23, 1995

INTRODUCTION

Mr. Chairman, distinguished members of the committee, thank you for the opportunity to report on the current capabilities and future needs of the Marine Corps Reserve. The information I provide is consistent with the President's budget submission and the Department of the Navy 1995 Posture Statement.

In last year's statement to the Congress my predecessor, Brigadier General Stephen R. Berkheiser, discussed Marine Reserve programs and policies to implement the strategic vision of ...From the Sea. These focused on our national needs and interests with particular emphasis on what we do to maintain our readiness. The information included our participation in exercises and other training opportunities.

The exercises and training demonstrated our capability and versatility to assimilate the Reserve Component and the Active Component to form the Marine Corps Warfighting Force. They also showed that our existing personnel, warfighting, structure, and equipment programs and policies are practicable and supportable under the new strategic vision. The crisis scenarios envisioned in ...From the Sea and the Bottom-Up Review have been a primary focus for the Total Force Marine Corps for many years. The result of our analysis and operating experience is that our Reserve Component does not require wholesale restructuring. Our employment options are also relatively unchanged. We are first and foremost warfighters organized and trained to win in battle. The role of the Total Force Marine Corps as "America's Expeditionary Force-in-Readiness," was first articulated in Conference Report language over 40 years ago.

In providing his statement, Brigadier General Berkheiser acknowledged several challenges to our readiness. A fundamental challenge is the requirement to maintain our existing capability and level of readiness to meet our traditional warfighting roles to augment and reinforce the Active Component, while being responsive to non-traditional missions and tasks. Maintaining our readiness while minimizing "stand down" time to rebuild and train units affected by the Base Closure and Realignment Commission was also highlighted as a difficult task. Finally, maintaining our quality and end strength while competing to recruit America's youth for service in the Marine Corps Reserve was articulated as a third challenge.

My purpose today is to report on our initiatives to maintain our combat readiness. These initiatives include further refinement of our strategic concept for the future, our envisioned roles and missions within that concept, and operational policies to accomplish combat missions. I will also provide information on the strengths of the Marine Corps Reserve including personnel quality, our Inspector-Instructor/Active Duty Support Program, warfighting readiness and training, and organizational structure and equipment fielding policy. In the context of these discussions, I will address resources needed to accomplish our assigned missions and furnish current information on the challenges we face.

STRATEGIC CONCEPT FOR THE FUTURE

With the publication of ...From the Sea in September 1992, the Navy and Marine Corps announced a commitment to embark on a landmark shift in operational focus and a fundamental reordering of warfighting priorities. The new strategic concept focused priorities away from operations on the sea and towards power projection and the employment of naval forces to influence events in the littoral regions of the world.

In the period since our evolving strategic warfighting vision was first articulated in ...From the Sea, we have been provided amplifying guidance. The additional focus and impetus was initially provided in the Bottom-Up Review. More recently, the publication of The National Security Strategy of the United States has provided direction about the role of the military in national defense. This guidance clarifies the role of the Marine Corps and its Reserve Component as part of the nation's overall strategy. It requires the military to aggressively address new regional dangers today and in the future.

Our recent strategic issuance, Forward...From the Sea communicates our expanded understanding of our roles to include more information on the unique contributions of naval expeditionary forces in peacetime operations, in responding to crises, and in regional conflicts. Fundamentally, our naval forces are to be designed and structured to fight and win wars.

Since defining this strategic concept, we have clarified and expanded upon our traditional expeditionary focus. The expeditionary focus is a commitment to forces designed for forward deployment and rapid response. As a partner in the Marine Corps, the Reserve Component works with the Active Component to build interoperability so that we can easily be assimilated for close combat when the need arises.

ROLES AND MISSIONS

Roles and Missions Commission

On September 20, 1994, the Commandant of the Marine Corps and other senior civilian, Navy, and Marine Corps leaders presented their strategic vision to the Congressional Commission on Roles and Missions of the Armed Forces. In his statement the Commandant, General Carl E. Mundy, Jr. defined the Strategic Concept of the Marine Corps. This concept, conceived by the 82nd Congress, distinguishes Marines as a "core" capability among the four services, embodying the characteristics of air, land, and naval forces, and producing an integrated, combined arms, self-sustaining force-in-readiness. The Commandant also described for the Commission the importance and contribution of our Reserve Component in achieving this strategic concept.

Traditional Roles

Our traditional warfighting roles are to augment and reinforce the Active Component, forming the Total Force Marine Corps. In the augmentation role, the Reserve Component provides trained and equipped units, detachments of those units, or individuals to active force commands to bring those commands to the authorized wartime force structure required for an operational mission, national emergency, or war. In the reinforcing role, the Reserve Component provides similar assets to provide depth, replacements, or capabilities not readily available in the current Active Component force structure. We also possess a nucleus capability to reconstitute additional units to meet emergent wartime requirements.

Our training priority to fulfill these roles focuses on current guidance at the national level and our new strategic and operational concepts. This direction has not altered these roles. Our goal remains combat readiness. We need to be able to utilize our forces, units, weapons systems and equipment for their designed purpose. More simply stated, we primarily train to close with and destroy the enemy in close combat with fire and maneuver. Since the establishment of the Marine Corps Reserve in 1916, Americans have had a history of relying on their citizen Marines to do precisely this in our major conflicts.

WARFIGHTING CONCEPTS

The Marine Air-Ground Task Force

Task organization is a way of life in the Active and Reserve Components of the Marine Corps. During exercises, both Active and Reserve units are formed into Marine Air-Ground Task Forces to train in peace the way they will fight in war. The strength of the Marine Air-Ground Task Force is the integration of powerful and diverse combat forces under a single commander. This integration allows one commander to shape the battlefield by combining the combat power of diverse combined-arms forces into a synergistic legion.

Marine expeditionary forces, employing Marine-Air-Ground Task Force combined-arms doctrine, are the most versatile expeditionary force in existence. Marine Air-Ground Task Forces are rapidly expandable, self-sustaining formations, capable of operating from sea bases, ashore, or both. They provide presence, stability, and a potent crisis response force. They provide flexibility to the Task Force Commander to loiter in the area for months at a time, presenting a powerful deterrent capability. The Marine Air-Ground Task Force is the means by which a heavy, land-based Army and the high sortie generation of a land-based air force would be initially introduced. Under constant refinement since its inception shortly after World War I, the Marine Air-Ground Task Force has become a model of efficiency.

During FY94, detachments of various units of the Marine Corps Reserve participated with their Active Component counterparts as part of Marine Air-Ground Task Forces in

exercises throughout the world. In keeping with the requirements of the National Defense Authorization Act for FY95 mandating active/reserve, inter-service, and joint operations and exercises, we have amended our Training Exercise and Employment Plan to include even more opportunities to participate as a Total Force with the Active Component. The focus for almost all of these exercises is the Marine Air-Ground Task Force. The planned exercises will be of increasing complexity and scope and build on the solid foundation of previous exercises and operations conducted shoulder to shoulder with the Active Component.

Operational Maneuver From the Sea

Building upon what we do best, the Marine Corps continues to develop new concepts to project power from the sea consistent with our new strategic direction. Using our historical warfighting ethos as a base, we have developed a new operational concept for forcible entry from the sea that seeks to harness the technological advances of the era. Entitled *Operational Maneuver From the Sea*, it is an evolutionary approach to power projection operations that applies the principles of maneuver to a maritime campaign.

This innovative operational concept provides a joint task force commander with the unique ability to maneuver combat forces over and from the sea exactly as on land. The traditional impediment of the water's edge becomes but a seamless coordination feature on a map.

Critical to implementing this operational concept are three key platforms, each of which represents the cutting edge of technology in their respective functions. First, we have identified the MV-22 "Osprey" to revolutionize the movement from ship to shore. This tilt-rotor aircraft would replace our aged fleet of medium lift helicopters. It combines the agility of the helicopter with the speed and range of conventional fixed-wing aircraft. Second, the Advanced Amphibious Assault Vehicle delivers combat Marines through the water with armored protection at speeds previously thought unimaginable, and then moves them around the land battlefield with equal agility. The third platform, the Landing Craft Air Cushion, already in operation, lifts heavier loads from ship to shore and inland across the beach at speeds up to 50 knots.

These visionary enhancements provide increased maneuver and mobility capability for the ship-to-shore movement from bases at sea. The enhancements will collectively revolutionize how we conduct forcible entry operations. The enhancements are also critical to the Marine Corps Reserve because we not only train with the Active Component, but will share the same future battlefields.

STRENGTHS OF THE MARINE CORPS RESERVE

In his preface to *The National Security Strategy of the United States*, President William J. Clinton reaffirmed his pledge provided in an earlier State of the Union address to ensure that

America's military remains the best equipped, best trained, and best prepared fighting force in the world. To fulfill that commitment, the Marine Corps Reserve must build on our basic strengths of personnel quality, the Inspector-Instructor/Active Duty Support Program, warfighting readiness and training, and organization and equipment superiority.

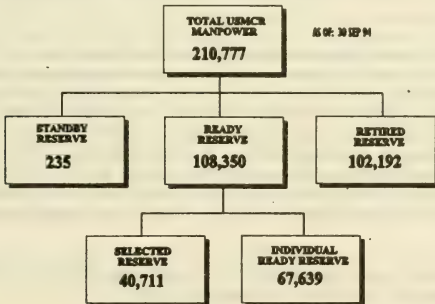
Personnel Quality

Marines are our top priority and are the heart of the Reserve Component. Individual Marines come to us from all walks of American society representing its diverse population elements. They are drawn to our core values of honor, courage and commitment. They are the foundation of our readiness to respond to our nation's call.

Reserve Marines are ambitious, disciplined, hard-working, motivated, well-trained, well-led and dedicated to excellence in serving their Country and Corps. They and their families voluntarily make countless sacrifices to participate in the Marine Corps Reserve. We intend to keep faith with their trust. Our Marines deserve rewarding career opportunities, challenging training, adequate pay and benefits, and the guarantee of equal opportunity to reach their full potential without hinderance of discrimination or harassment.

Reserve Manpower Categories

The Marine Corps Reserve is organized into three categories as required by law: the Ready Reserve, the Standby Reserve, and the Retired Reserve. Active Component personnel, Navy Active and Reserve personnel, and civilian employees provide support to Marine Forces Reserve. The following table summarizes our manpower categories:



Ready Reserve

The Ready Reserve is the largest category and primary source of units and individuals upon mobilization. It consists of the Selected Marine Corps Reserve and the Individual Ready Reserve.

The Selected Marine Corps Reserve consists of three elements: 1) Marine Forces Reserve units, 2) Individual Mobilization Augmentees, and 3) Active Reserve Marines. Reservists serving in Marine Forces Reserve units comprise 89 percent of the Selected Marine Corps Reserve. The remaining 11 percent of reservists serve in the supporting establishment or are undergoing initial active duty for training.

Members of the Selected Marine Corps Reserve assigned to the Marine Forces Reserve serve in the 4th Marine Division, the 4th Marine Aircraft Wing, the 4th Force Service Support Group, and in approved Individual Mobilization Augmentee or Active Reserve billets. The Division, Wing, and Force Service Support Group comprise the largest segment of the Selected Marine Corps Reserve. The structure of the Marine Forces Reserve operating forces is designed similar to the structure of the Active Component, and is organized specifically to meet mobilization missions.

Reservists in the Individual Mobilization Augmentee program are assigned to mobilization billets in our supporting establishment. They serve at all the major bases, stations, and headquarters where they train with counterparts from the Active Component. Two hundred and fifty-nine of these Marines staff the 47 mobilization stations located throughout the country. During FY94, these mobilization stations completed the screening of 15,141 members of the Individual Ready Reserve. During FY95, we have budgeted to screen 19,500 Marines.

The Active Reserve program (previously the Full-Time Support program) is the third part of the Selected Marine Corps Reserve. These Marines serve on active duty and perform a wide variety of functions, from the development of policy, administration, and recruiting, to training and logistical support for the Reserve Component. The decision to redesignate the Full-Time Support program as the Active Reserve program involved much more than a name change or the provision for career opportunities. The initiative represents a fundamental shift in the way Marines are selected and assigned under the program, and will result in improved manpower management under policies similar to those governing the Active Component. The initiative will greatly increase the program's stability, utility, and professional development of its participants.

A comparison of actual end strength for FY94, approved end strength for FY95, and budgeted end strength for FY96 is shown in the following table.

MARINE CORPS RESERVE END STRENGTH			
Category	FY94	FY95	FY96
Marine Forces Reserve Operating Forces ¹	34,250	34,330	34,985
Individual Mobilization Augmentee	1,489	1,600	1,750
Active Reserve ²	2,273	2,285	2,285
Initial Active Duty for Training	2,699	2,785	2,980
Total Selected Marine Corps Reserve	40,711	41,000	42,000

¹Excludes Individual Mobilization Augmentee and Active Reserve Personnel. Includes members of the 4th Marine Division, the 4th Marine Aircraft Wing, and the 4th Force Service Support Group.

²At the end of FY94, 1,954 Active Reserve Marines were assigned to the Marine Forces Reserve. The remainder were assigned to supporting bases and stations.

The Individual Ready Reserve totalled 67,639 at the end of FY94, representing more than 62 percent of the Ready Reserve. The Individual Ready Reserve provides pre-trained Marines to fill shortfalls in Active and Reserve Component forces, and for the expansion of the supporting base to meet wartime contingency requirements. Marines in the Individual Ready Reserve have served and received training as part of the Active Component or Selected Marine Corps Reserve, but while not currently drilling have some period of obligated military service remaining.

In addition, Marines who have completed their military service obligation may choose to reenlist and remain in the Individual Ready Reserve. The Individual Ready Reserve is managed by the Marine Corps Reserve Support Command, which will relocate in the Spring of 1995 to Kansas City, Missouri. The following chart summarizes the strength of the Ready Reserve as of 30 September 1994.



Standby Reserve

The Standby Reserve is composed of an active status list and an inactive status list. Marines in the Standby Reserve are normally not immediately available for mobilization due to special circumstances that are temporary in nature. These Marines may be ordered involuntarily to active duty in time of war or national emergency as declared by Congress only when the Ready Reserve does not have enough qualified members in a specific skill category to fulfill requirements. The end strength of the Standby Reserve at the end of FY94 was 235 Marines.

Retired Reserve

The Retired Reserve includes a total of 102,192 Marines in the following categories:

- **Category I.** This category consists of reservists who have been retired less than five years, are under age 60, and are not disabled. These Marines are eligible to apply for retired pay when they reach age 60. A total of 5,209 Marines are in this category.

- **Category II.** This category includes reservists retired more than five years, are under age 60, and are not disabled. These Marines are also eligible to apply for retired pay at age 60. A total of 21,311 Marines are classified in this category.
- **Category III.** Category III Marines are reservists who are age 60 or older and who have applied for and are receiving retired pay. A total of 63,661 Marines are in this category.
- **Fleet Marine Corps Reserve.** The Fleet Marine Corps Reserve consists of enlisted personnel who have completed 20, but less than 30, years of active service and are receiving retainer pay. A total of 12,011 Marines are in this category.

U.S. Navy Support

I am pleased to acknowledge the U.S. Navy support to the Marine Forces Reserve. My predecessors have also testified before the committee about the professionalism and cooperation of these Naval officers and enlisted personnel. The U.S. Navy furnishes the Marine Forces Reserve with medical, dental, religious, and naval gunfire liaison support. I can unequivocally state that the Marine Forces Reserve missions could not be accomplished without their direct support. The personnel support provided is similar to the support provided to the Active Component Marine Corps.

Civilian Support

The FY96 Marine Corps budget request includes funding for 158 civilian positions to support the Reserve Component. These civilian positions are in administration, data processing, and personnel management, and are located at the major Reserve headquarters sites.

Recruiting and Retention

The lifeblood of any organization is its ability to attract and retain quality personnel. The Marine Corps Reserve is no different in this regard. High quality recruits result in better performance and less attrition. They improve unit readiness. For the past several years my predecessors have testified about the success of our Reserve component recruiting and retention programs. I am pleased to report that we are continuing to do very well in both of these areas.

The success we enjoyed, however, is tempered because, despite our best efforts, our strength at end of the FY94 was 40,711, short of the Congressionally authorized ceiling level of 42,000. The shortfall was not unanticipated. Brigadier General Berkheiser discussed potential problems in his statement to the committee last year which could, in the short run, adversely affect end strength. I think it is important to reiterate the more salient issues for the committee again this year because we forecast another, albeit smaller, shortfall in FY95 end strength, before we attain our original authorized end strength of 42,000 in FY96.

The shortfall primarily stems from Base Realignment and Closure Commission (BRAC) decisions. BRAC related site closures, deactivations and relocations directly influence the combat readiness of the Reserve Component. When a Reserve unit is relocated from one site to a new geographic site, as in the base realignment/closure process, the citizen-Marines manning the unit are often unable to relocate. This results in the requirement to stand-up or recruit a new Reserve unit. If the unit relocation is a distance of more than 100 miles, unit strength may start at zero, placing a significant burden on recruiters. A means of offsetting the additional requirements for non-prior service recruits is to increase the accession of prior service Marines in the local area that meet the unit's occupational specialty requirements. Limited training seat allocations must be used to develop occupational qualifications not resident in the local prior service Reserve populace. Rebuilding a unit is neither a quick fix process nor one that can be wholly anticipated and planned. Competition among the service components, colleges, universities and industry for a limited pool of qualified military available citizens complicates the task.

The major impact of the 1993 BRAC decisions was felt in FY94 when 15 of our sites and 47 of our units were affected. The fixed wing, helicopter, and aviation support units of our 4th Marine Aircraft Wing were the most severely affected. Overall, the BRAC initiatives affected 2,802 structure spaces in the Selected Marine Corps Reserve. An additional 1,226 Active Component in Support of the Reserve or Active Reserve structure spaces were impacted. For units with severe manpower consequences, we testified that the "build back period" could extend from three to five years. We are currently within this transition timeframe for those selected units.

Complicating the rebuilding of these units are manpower management policies we view as essential to our historic level of readiness. A basic policy of the Reserve Component is that we recruit for specific unit openings in a specific geographical area. The policy means that recruiters must match the interests and qualifications of recruit applicants with the military occupational specialty requirements of billet openings. Military occupational specialty school seats must also be obtained and aligned to follow recruit training. Unlike the Active Component that can disperse requirements over a larger geographic base, the Reserve Component openings can only be filled by applicant recruits within the catchment area or vicinity of the Reserve unit. Practical necessity requires that most Reserve Marines be located within a reasonable commuting distance of the training center in order to participate satisfactorily.

This policy is not a new one and ordinarily is not an obstacle to our success. Our Reserve units annually inform the recruiting service of their requirements by military occupational specialty, and assist in procuring and interviewing applicants. To help with the recruiting effort, we also have the Reserve Referral Credit Program under which each unit is tasked with finding eligible non-prior service applicants. Incentives are awarded to reservists who refer the names of individuals who ultimately join the Marine Corps.

Given these challenges, the results achieved by our recruiters have been outstanding. Our prior service recruiting program is staffed by reservists working under the Active Reserve

program. These Marines are normally located at Reserve Training Centers. Our initial recruiting mission for FY94 was 4,500 prior service Marines. This mission was increased to 5,200 due to attrition effects from BRAC. We attained 5,358 prior service accessions, 103 percent of the revised mission. For FY95, our prior service recruiting mission is 5,400 (4,300 enlisted and 1,100 officers). At the end of FY94, prior service Marines constituted 32 percent of the Selected Marine Corps Reserve.

Our non-prior service recruiting is accomplished by Active Component recruiters working in close coordination with the Reserve Component units. Our Total Force approach to non-prior service recruiting results in the same high quality men and women for the Active and Reserve Components. We recruited 5,869 non-prior service Marines during FY94, 100 percent of our revised mission. Tier I high school graduates comprised 97.7 percent of the accessions with 100 percent scoring in mental group categories I-III on the Armed Forces Qualification Test. Our non-prior service recruiting mission for FY95 is 5,237 recruits.

During FY94, our continuation rates of officers and enlisted personnel who remained in the Selected Marine Corps Reserve were 79.9 percent for Marines with less than 6 years of total service, and 72.5 percent for Marines with 6 or more years of total service. These rates are less than 1 percent lower than the comparable rates for FY93. The small difference can be attributed to turbulence surrounding the BRAC deactivations and relocations. A major factor contributing to force stability and the retention of quality Marines is the Reserve Montgomery G.I. Bill for educational assistance. As of September 1994, 14,594 Reserve Marines currently eligible have participated in the program. This represents an increase of 60 Marines from the prior year. More than half of all members of the Selected Marine Corps Reserve are eligible for the program.

Significantly, the Reserve Montgomery G.I. Bill has also reduced taxpayer costs for supporting the Marine Corps Reserve. In FY87, we recruited about 8,500 non-prior service Marines for the Selected Marine Corps Reserve. Our total end strength then was about 42,000. In FY95, our non-prior service recruiting mission is 5,237 recruits, and our end strength target is 41,000. Since it costs substantially more to train a non-prior service Marine than the cost of the Marine's education under the G.I. Bill, the savings accruing to the nation are readily apparent.

Despite the challenges we face we have not lowered our recruiting standards. High quality personnel make a wise investment because of the cost-effective nature of their service. We will continue to monitor the end strength of our units very closely. Units that consistently have difficulty attaining their manning levels, along with units that historically have been at their table of organization strength, have been identified. We have and will continue to track accessions to, and attrition from, these units, as well as new units formed as a result of BRAC, to determine recommendations for any changes needed in unit resizing, reshaping, or relocation. This information will also help us adjust recruiting goals and missions during the FY.

Our budget for FY95 for the Marine Corps Reserve is contained in the following table. The request is to support a projected Selected Marine Corps Reserve end strength of 41,000, about 25 percent of the Active Component Marine Corps end strength. Our request for FY96 of \$491.0 million will support the full authorized end strength of 42,000 for the Marine Corps Reserve. Our budget for FY96 represents 5.0 percent of the Total Force Marine Corps budget, which is but 3.8 percent of the Department of Defense budget. The Total Force Marine Corps returns to the Congress and the American people a lot of capability for each defense dollar.

TOTAL SUPPORT OF THE MARINE CORPS RESERVE (Millions of Dollars)			
Marine Corps Appropriation	FY94	FY95	FY96
Reserve Personnel, Marine Corps	346.8	348.7	361.8
Operations and Maintenance, Marine Corps Reserve	91.2	81.9	90.2
Procurement, Marine Corps ¹	30.2	41.8	39.0
Total Support	468.2	472.4	491.0

¹From P1-R exhibit: Reserve specific fielding of Total Force procurement

Inspector-Instructor/Active Duty Support Program

Mr. Chairman, members of the committee, if there is one reason, other than the quality of our individual Marines, that I could point to as critical to the operational excellence of the Marine Corps Reserve it would be our Inspector-Instructor/Active Duty Support program. This program provides us with a unique and successful system of supervising, instructing, and assisting Reserve units in attaining and maintaining a high, continuous state of combat readiness. The program is fundamental, a cornerstone upon which each Reserve unit builds, expands and hones its tactical capability.

The program is also key to the integration of the both components of the Total Force Marine Corps. Fourteen of our current Active Component general officers have served in billets directly supporting the Reserve Component at some point in their careers. Of these, five generals have served as Inspector-Instructors including our current Commandant, General Carl E. Mundy, Jr. General Mundy was the Inspector-Instructor with the 4th Air Naval Gunfire Liaison Company in West Palm Beach from 1970 to 1973.

Inspector-Instructor staffs were used as early as 1936, and their mission has changed little over the years. Assigned from our active duty operational Fleet Marine Force units, the Inspector-Instructor staff provides advice and assistance to optimize training and readiness. The Inspector-Instructor staff also coordinates with the unit staff on all administrative and logistics support for weekend drills. In effect, they provide continuity which is critical to

planning and training preparation. Thus, when the unit reports for weekend drill, available time is dedicated exclusively to training.

Active Component Inspector-Instructors are assigned to the 4th Marine Division and the 4th Force Service Support Group. The Active Component Marines of the 4th Marine Aircraft Wing, while not designated Inspector-Instructors, perform similar functions in helping maintain unit readiness for mobilization. These Marines provide for the ongoing maintenance, operation and administration of squadrons and other aviation units. A small number of Active Component Marines also serve with the Marine Corps Reserve Support Command and our Reserve Marine Air-Ground Task Force Command Element staffs. Active Component Marines normally serve three year tours of duty with the assigned Reserve unit. The periodic rotation policy of personnel results in Total Force sharing of current operational experience obtained by the Active Component Marines in prior Fleet Marine Force assignments.

As a result of lessons learned from Operation Desert Storm over the currency of selected administrative and technical billets, we developed a plan to integrate a part of the Inspector-Instructor staff into Reserve Tables of Organization. The plan is structured to enhance the operational capability of Reserve Component forces.

Our integration plan would allow designated members of the Inspector-Instructor staff to deploy with the Reserve unit when activated. We envision that the remaining members of the Inspector-Instructor staff would also accompany the unit to the Station of Initial Assignment to temporarily assist in the mobilization and training refresher processes. Thereafter, they would be available for reassignment to other Active Component units for deployment for combat.

Finally, under our integration plan a small number of Inspector-Instructor staff would remain behind at the Reserve Training Centers to train mobilization teams we are establishing for each site to perform administrative, community relations, casualty assistance, family support and other services in the Reserve unit's catchment area. The teams consist of pre-assigned Marines from the Individual Ready Reserve and the Retired Reserve.

The following chart provides the distribution of Total Inspector-Instructor/Active Duty Support of the Reserve at the end of FY94.

INSPECTOR-INSTRUCTOR STAFFS AND ACTIVE COMPONENT SUPPORT OF THE RESERVE		
	Inspector-Instructor 4th MarDiv/4th FSSG	Active Component 4th MAW/Other
Officers	327	194
Enlisted	2,003	1,959
Sub-Total	2,330	2,153
Total Inspector-Instructor/Active Component Support: 4,483		

Warfighting Readiness and Training

In his first annual address to the Congress on January 8, 1790, President George Washington said "To be prepared for war is one of the most effectual means of preserving peace." President Clinton has reaffirmed this position when he wrote "Even with the Cold War over, our nation must maintain military forces that are sufficient to deter diverse threats and, when necessary, to fight and win against our adversaries." These Commanders-in-Chief have given clear guidance to the military. Be ready to win our nation's wars.

This direction to fight and win in battle is embedded in our mission. The mission of the Marine Corps Reserve is to provide trained units and qualified individuals to be available for active duty in time of war, national emergency, and at such times as national security may require. Consistent with our mission, our priority has been, and will continue to be, on aggressive and intensive training programs crafted to accomplish our mission with minimal risk to personnel safety, material resources, and the environment. Our current areas of emphasis are quality leadership and supervision, the development of warfighting skills, active/reserve integration in exercises and operations, and improvement of military occupational specialty qualification rates.

Leadership

Quality leadership and supervision of our Marine Forces Reserve is ensured by our personnel policies. Our policy to assign Active Component Marines in support of the Reserve provides Marine Forces Reserve with an infusion of current operational, logistical, and administrative experience recently gleaned from duty with the Fleet Marine Forces. In addition, a noteworthy strength of the Marine Corps Reserve is that nearly all of the unrestricted officers have at least 3 years of active duty. Enlisted prior service Marines also bring valued active duty leadership experience, further enhancing our combat readiness.

With 80 percent of Marine Forces Reserve in pay grades E-1 through E-5, it is critical our Reserve units be led by professionals. We invest heavily in professional development courses for reservists to ensure the best quality leadership. During FY94, 891 reserve officers attended professional military education schools. The number of reserve officer professional military education school seats programmed for FY95 and FY96 is 966 each year. We now require that all majors (active and reserve) complete an intermediate level professional military education course prior to their consideration for promotion to lieutenant colonel.

Complementing the professional military education opportunities are assignments under our Reserve Counterpart Training and Exercise Support Programs. These programs provide members of the Individual Ready Reserve the opportunity to refresh their leadership and military occupational specialty skills on-the-job at a Marine Corps installation or with a unit participating in an exercise. During FY94, 2,685 reservists participated in Reserve Counterpart Training or the Exercise Support Programs. We have programmed and budgeted 1,185 Reserve Counterpart Training and 1,228 Exercise Support Program opportunities for FY95.

Information on professional military education, Reserve Counterpart Training, and Exercise Support Program opportunities, as well as Marine Forces Reserve and Individual Mobilization Augmentee billet vacancies, is available from the Marine Corps Reserve Support Command. The information is disseminated to Marines by individual mailings and periodicals. A toll-free telephone number is also provided for Marines interested in the many opportunities available.

Development of Warfighting Skills

All enlisted Marines, both active and reserve, complete the same recruit training, the same follow-on training at the School of Infantry, and the same full-length schools to obtain military occupational specialty qualification. The number of school seats set aside for FY95 and FY96 is 4,667 and 4,991, respectively.

Development of warfighting skills begins at recruit training. Combat skills training provided during boot camp include such essential subjects as combat formations and signals, communications, grenades and pyrotechnics, individual marksmanship training and weapons qualification, land navigation, Nuclear-Biological-Chemical warfare defense, and close combat. Formal military occupational specialty schools follow basic training.

Once formal schooling is complete and the Marine is with his or her reserve unit, we have emplaced a comprehensive unit level training program to enhance the basic skills and knowledge acquired during recruit training and follow-on schools. These programs are based on published Total Force individual and collective training standards. These skills are further refined during unit deployments over multiple drill (6 or more) weekends to train with our Active Component counterparts to maintain our warfighting readiness.

One of our most challenging collective training programs remains the exercise of combined arms Marine Air-Ground Task Forces. Exercise Pinnacle Advance was the largest peacetime training exercise in the Marine Corps Reserve's 78 year old history. The exercise tested the Marine Forces Reserve ability to command and control Marines task organized into Marine Air-Ground Task Forces, our basic warfighting organization. This exercise involved approximately 16,000 Marine reservists and was conducted in a series of four phases during annual training at the Marine Corps Air-Ground Combat Center at Twentynine Palms, California; the Naval Amphibious Base in Coronado, California; the Marine Corps Air Station in Yuma, Arizona; and the Marine Corps Base, Camp Pendleton, California.

During two of Exercise Pinnacle Advance's phases, 12,248 reservists from 144 units organized into Marine Air-Ground Task Forces participated in the enhanced combined arms training at Twentynine Palms, California. This training stressed fire support coordination and command and control during a live fire exercise with troops. Only by simulating warlike conditions in peace can Marines of the Marine Forces Reserve prepare to augment and reinforce the Active Component in war. We have scheduled approximately 9,700 Marines from 124 units for this training in FY95.

To assess the quality of our training we utilize the Marine Corps Combat Readiness and Evaluation System. This system tests the ability of the unit to perform wartime missions under simulated combat conditions. Since we really mean what we say about maintaining our standards, we use realistic scenarios and the same performance standards and grading criteria to test units from both the Active and Reserve Components. Thirty-four battalion or squadron sized units were evaluated as ready during FY94. Thirty-seven additional units are scheduled for testing in FY95.

We also continue to employ our highly successful Mobilization Operational Readiness Deployment Test, known as the MORDT, to determine a unit's ability to contact and recall personnel, process them into active duty, and deploy. Conducted on a biennial cycle for each unit, a MORDT evaluates mobilization administration, embarkation, personnel, training, medical preparedness, and family assistance readiness.

MORDTs are no notice evaluations defined into two types: MORDT and *Go*, or MORDT and *Stay*. The MORDT and *Go* type requires transporting a unit from its training center to another location for the drill weekend. Because of the expense and coordination involved, the MORDT and *Go* type are short notice evaluations. The MORDT and *Stay* type are no notice evaluations which require no movement beyond the home training center. We primarily use the *Stay* method because of the savings in transportation costs.

During FY94, Commander, Marine Forces Reserve, conducted three *Go* and 19 *Stay* evaluations involving 27 battalions or squadrons and their subordinate units. Of those tested, 92 percent were rated mission capable. Those failing the initial test were reinspected in deficient areas and subsequently found satisfactory. Twenty-three battalions or squadrons are scheduled for a MORDT in FY95.

Finally, we are continuing physical fitness, weight control, personal appearance, essential military subjects, and individual weapons qualification programs using the same standards as the Active Component. We employ such training because we know that the readiness of individual Marines is the key to unit combat readiness.

Active/Reserve Integration

Opportunities for integrated multi-unit exercises with the Active Component and international training assignments also contribute to our warfighting readiness. The exercises provide a range of training and self-evaluation opportunities that cover the spectrum from individual Marine warfighting skills to enhancing the deployment capability of a Marine Expeditionary Force. During FY94, detachments of various units of Marine Forces Reserve participated in Exercise Cobra Gold in Thailand, Emerald Express and Golden Pheasant in California, Ocean Venture in the Caribbean, Roving Sands in New Mexico, Agile Sword in North Carolina, Balikitan in the Philippines, Keen Edge and Habu Hakasan in Japan, and Valiant Blitz, Ulchi/Focus Lens and Freedom Banner in Korea. During FY95, under our Training Exercise and Evaluation Plan we hope to expand the number of these opportunities within the limits of our transportation funding. The exercises provide Marine Forces Reserve with valuable training and are an aid in recruiting and retention, while concurrently giving a degree of operational and personnel tempo relief to the Active Component. Possible exercises include:

- Freedom Banner (Thailand)
- Strong Resolve (Norway)
- Ocean Venture (North Carolina)
- Dynamic Impact (Mediterranean)
- Team Spirit (Korea)
- Native Fury (Kuwait)
- King's Guard (Central America)
- UNITAS (Central/South America)

Military Occupational Specialty Qualification Rates

Periodically obscured in the debate over strategy and roles and missions is the readiness of individuals to perform their assigned tasks. The strategy is only as viable, and the roles and missions executable, as individual Marines are proficient in their billet military occupational specialties. In brief, individual readiness begets unit readiness.

Our goal for military occupational specialty qualification remains 95 percent in our Marine Forces Reserve units. Our military occupational specialty match rates at the end of FY94 comparing Marines possessing a military occupational specialty rating to on hand strength were 81 percent for the 4th Marine Division, 80 percent for the 4th Marine Aircraft Wing, and 82 percent for the 4th Force Service Support Group. These rates compare with rates we reported a year ago for FY93 of 90 percent for the 4th Marine Division, 88 percent for the 4th Marine Aircraft Wing, and 86 percent for the 4th Force Service Support Group.

The drop in our match rates concerns us. Reorganizations and relocations to implement BRAC decisions have contributed to some military occupational specialty qualified reservists leaving the service. BRAC has particularly affected the 4th Marine Aircraft Wing. Bringing

end-strength up to table of organization levels may require units to access prior service Marines who are not qualified in their new military occupational specialty. In conjunction with the increased reliance on prior service Marines for these affected units, most military occupational specialty producing schools require at least six weeks of active duty to complete. The length of the formal schools and the queue for quotas prevents many reservists from becoming military occupational specialty qualified for a period of time following their accession into the unit.

Mr. Chairman and members of the committee, we have been monitoring and will continue to monitor end strength and military occupational specialty qualification match rates as part of our Reserve manpower management, especially during the remainder of the BRAC process. This will include the tracking of the individual totals of military occupational specialties, as well as overall qualification rates for our units.

Over time we anticipate our match rate will improve because of proven personnel policies. Our policy to recruit non-prior service applicants for existing or projected unit openings, and arrange the requisite military occupational specialty producing school seats for them following the completion of their basic training will contribute to an improved match rate. We will also continue to align specific unit openings with a prior service applicant's military occupational specialty whenever possible.

I also want to point out that Marine reservists may obtain qualification in selected military occupational specialties through on-the-job training at the Reserve unit. In addition, in cases where a prior service applicant's military occupational specialty does not match the opening in the Reserve unit, resources permitting, we provide the Marine the opportunity to obtain the required qualification through formal military, vocational or technical schools. Vocational/technical training programs are provided at establishments in the local community in a diverse number of specialties. These programs show the close relationship and cooperation that exists between the Marine Forces Reserve and the local community. We plan on further use of the vocational/technical training programs in FY95.

Organization and Equipment Superiority

We organize and equip our Reserve units nearly identically to our Active units. This has contributed significantly to the seamless integration of our Active and Reserve forces. By seamless integration, we mean organizing and training our Reserve units like our Active Component units with the same training standards and war-fighting equipment. These policies are especially critical to our readiness for closing with the enemy and winning the close battle following mobilization. The Marine Corps Reserve continues to refine its organizational structure and equipment to enhance its warfighting readiness.

Organization of the Marine Corps Reserve

As a follow-on to the Marine Corps Reserve Force Structure Plan, more commonly known as USMCR 2001, the Commandant directed the Reserve Component to structure an

organization that would sustain the Selected Marine Corps Reserve as a vital part of the Total Force Marine Corps. Based on the study results, the Commandant ordered the consolidation of Reserve forces under a single headquarters known as Marine Reserve Force. Marine Reserve Force was established in 1992 as a single point of contact for the timely provision of trained and equipped Reserve units and individuals to the combatant commands.

On October 26, 1994, the Commandant directed that the title of Commanding General, Marine Reserve Force be redesignated as Commander, Marine Forces Reserve to make it consistent with the designations of the Commanders, Marine Forces Atlantic and Marine Forces Pacific. The change is more than symbolic. It affirms our commitment to the seamless integration of the Active and Reserve Components into one Marine Corps. The major subordinate commands of Marine Forces Reserve are the 4th Marine Division, the 4th Marine Aircraft Wing, the 4th Force Service Support Group, the Marine Corps Reserve Support Command, and two Reserve Marine Air-Ground Task Force Command Elements.

Marine Forces Reserve is commanded by an Active Component major general. The 4th Marine Division and 4th Marine Aircraft Wing are commanded by Reserve Component major generals. The 4th Force Service Support Group is commanded by a Reserve Component brigadier general. All three commands are co-located with Marine Forces Reserve in New Orleans, Louisiana. The Reserve Marine Air-Ground Task Force Command Elements, located on the east and west coasts, are commanded by Reserve Component brigadier generals. The Marine Corps Reserve Support Command, currently located in Overland Park, Kansas, is commanded by a Reserve Component brigadier general.

At the end of FY94, Marine Forces Reserve operated from 162 ground and 29 aviation sites spread through 46 States, the District of Columbia and the Commonwealth of Puerto Rico. The dispersion of our units throughout the United States makes the Marine Corps Reserve a bridge between the people of the United States and our Active Component. We are monitoring the Base Realignment and Closure deliberations on training centers and the availability of nearby training facilities and ranges for our Reserve units. We are working with Naval Reserve Forces in an effort to control our destiny in the BRAC process. Our motivation is that demographics of new locations support recruiting of non-prior service Marines. Proximity to training areas and adequate space for maintenance and storage must also be available.

Single Acquisition Objective

To keep our Reserve units ready to fight alongside their Active Component counterparts, we design modernization and procurement programs through the utilization of the single acquisition objective process. The single acquisition objective process includes equipment modernization plans, and addresses all initial issue quantities and planned sustainability requirements for Active units and designated Reserve units. The Marine Corps Reserve is a full participant in the development of the single acquisition objective.

Once this objective is sourced, equipment is fielded either vertically or horizontally based on funding, production, and operational circumstances. When vertical distribution is used, a 100 percent capability of new equipment is provided to a single unit at a time. This type of distribution would normally be utilized to ensure forward deployed units are provided with the most modern equipment. In contrast, when horizontal distribution is used, only limited quantities of new equipment are provided at a time. The equipment allowance provided to our Reserve units is an example of this type of distribution. Training allowances are set at a level sufficient for weekend drill and annual training, but are less than the full table of equipment authorized for the unit. Our program ensures responsible distribution of new equipment to both Active and Reserve Component units.

Mission Essential Equipment Readiness

For the past two years my predecessors have testified concerning the recovery of our mission essential equipment to predeployment levels prior to Desert Storm. Mission essential items are those pieces of equipment whose availability is essential for the execution of the combat and training missions of the unit. The following chart shows the most recent improvement in mission essential equipment readiness between September 1993 and September 1994.

MISSION ESSENTIAL EQUIPMENT READINESS				
Component	September 1993		September 1994	
	%	# Items	%	# Items
4th Marine Division	91.2	11,885	95.1	12,704
4th Marine Aircraft Wing ¹	93.6	3,113	94.9	3,010
4th Force Service Support Group	90.7	2,431	92.4	2,074
Marine Forces Reserve	91.5	17,429	94.8	17,788

¹The change in the number of component assets in the table is a result of restructuring and redistribution.

We are proud of this level of readiness. Our equipment readiness is outstanding and indicates the Total Force is working together to maintain the Reserve Component capability. We will continue to improve these levels of readiness.

Another goal is to procure, issue, and maintain the full amount of standard combat equipment authorized under our training allowance. The training allowance is tailored to the quantity and type of equipment that can be adequately maintained and stored at the Reserve Training Centers. Shortages include M1A1 tanks, 5-ton trucks, radios, machine guns of various types, night vision sights, and night vision goggles, among other items. The remainder of the ground equipment wartime requirement not included in the training allowance is stored at Active Component logistical centers for distribution upon mobilization.

Technological Superiority

The use of simulators and other training systems provides an opportunity for realistic training at a substantially reduced cost. We are working in consonance with the Active Component in their aggressive pursuit of modeling simulation technologies in order to address the requirements of the Reserve Component. The Marine Corps Modeling and Simulation Management Office has established a Marine Corps Modeling and Simulation Master Plan to guide this pursuit and ensure interoperability with our sister services and the Unified Commands. We believe in the promises of using simulation and have undertaken several pioneer programs that are reaping significant returns. Using simulators reduces the environmental impact of training, makes efficient use of training time, and improves the effectiveness as well as safety of subsequent live fire exercises.

Ground forces use simulators for full tank crew interactive training, tank gunnery, light armored vehicle anti-tank systems, precision gunnery anti-tank missile systems, and indoor marksmanship for the rifle and pistol. Aviators use simulators for navigation systems and flight training, weapons employment, and emergency procedures review. Additional assets are also programmed to upgrade our marksmanship systems to include the full range of heavy infantry weapon simulators.

We are also in the process of implementing a modern microcomputer-based information technology infrastructure for the Marine Forces Reserve. Our Reserve sites lack the ability to employ local and wide area networks to facilitate information communication intra-site or among their geographically dispersed locations. Our Information System will address these deficiencies. Among other benefits, when fully implemented, the system will improve information sharing, the staffing of complex documents, and the use of distributed multi-user applications in an efficient and cost effective manner. We also envision the technology being used for military occupational specialty training, intra-service information sharing, and warfighting simulations. The procurement of the system is in concert with Total Force standards for hardware and software, and will support Total Force integration through common reporting.

DEMONSTRATED WARTIME PERFORMANCE

The strengths of the Marine Corps Reserve have been repeatedly validated in combat. Winning in battle is, after all, the ultimate test of our readiness.

- Established by law in 1916, the entire Marine Reserve was called to active duty the following year for service in World War I, all three officers and 32 enlisted men. By the War's end the total number of active reservists was nearly 7,000.
- In World War II, all 23 Organized Marine Corps Reserve battalions and 13 Reserve air squadrons were called to active duty in November 1940. Marine Corps reservists comprised 68 percent of the active duty Marines during World War II, and took part

in every campaign the Marines fought...from the early days of Wake Island, Midway and Guadalcanal, through Okinawa, the last Pacific island objective. The Medal of Honor was awarded to a total of 80 Marines, including 44 reservists.

- The Korean War saw the Marine Corps expand from 75,000 to 261,000 active duty Marines in one year. Of this total, 88,500 were reservists. Thirteen Medals of Honor and 50 Navy Crosses were awarded to Marine reservists.
- In the Persian Gulf War, 31,172 reservists were mobilized for Operation Desert Storm. This total included 24,324 Marines from the Selected Marine Corps Reserve, 6,262 Marines from the Individual Ready Reserve, and 586 Retired Marines from the Fleet Marine Corps Reserve. Approximately, 28,500 of these Marines deployed from CONUS.

The operating forces of the Marine Forces Reserve ultimately contributed over 13,000 Marines to I Marine Expeditionary Force in Southwest Asia. The number of units seeing combat included one infantry regiment command element, four infantry battalions, one light armored infantry battalion, one complete tank battalion and two companies of another battalion, one motor transport battalion, two aviation squadrons, one non-flying aviation unit, six artillery batteries, and two civil affairs groups.

Elements of engineer, reconnaissance, communications, tank, assault amphibious, and combat service support battalions also participated. Task organized to augment or reinforce units needing additional combat capability, reserve unit missions included offensive operations by ground forces, air support, rear area security, and combat service support.

- Permit me to relate the combat experience of one of our activated units which illustrates both the potential and capability of the Marine Corps Reserve. The story of this unit has been told before, but not to the committee in depth. The story explains why our priorities are firmly focused on mission oriented training to fight and win in close combat. The example also serves to underscore the indispensable nature of the Reserve Component. The unit is Company B, 4th Tank Battalion from Yakima, Washington.

Activated on 15 December 1990 in order to fill a requirement for additional tank capability for the 2nd Marine Division, the company initially reported to the Marine Air Ground Combat Center at Twentynine Palms, California to transition from the M60A1 main battle tank to the M1A1 tank. This training was completed on 14 January 1991 in 18 days, vice the normal 23 days. The company departed CONUS shortly thereafter, and arrived in theater on 19 February.

Attached to the 1st Battalion, 8th Marines of the Active Component for the coming offensive, Company B was given the crucial mission of supporting the battalion during the initial breaching operation. Crossing the line of departure on 24 February, the

company's first major encounter with Iraqi tanks came that same day. Pushing forward of friendly formations, the company began to engage targets with precision gunnery. The firefight lasted into the evening. When it was over 32 enemy vehicles were destroyed (including one at the remarkable range of 3750 meters) and 390 Iraqis were taken prisoner.

At first light the following morning, enemy tanks again appeared in the mist to the front of Company B. As the enemy advanced, the company again opened fire destroying targets at ranges of 1100 to 2600 meters. During this engagement, Company B knocked out 34 enemy tanks and 8 BMPs. Seventy-six Iraqis were taken prisoner. During advances toward Kuwait City later on 25 February and on 26 February, Company B knocked out an additional 15 tanks, 17 armored personnel carriers and 12 other vehicles.

In all engagements, Company B knocked out 49 tanks, 41 BMPs/armored vehicles and 28 other types of vehicles. Four hundred and sixty-eight Iraqi soldiers were taken prisoner. On 27 February, Saudi Arabian and Kuwaiti units arrived and passed through the Company B positions to liberate Kuwait City. On 12 March the company began its journey home, first returning to Saudi Arabia and then to Camp Lejeune, North Carolina. The company arrived back in its hometown of Yakima, Washington on 25 April 1991.

Mr. Chairman and members of the committee, the historical utilization of the Marine Corps Reserve, and particularly the experiences of Company B, justify why we place such a premium on our traditional roles to fight and win in battle. The focus of all our efforts in planning, programming, personnel procurement and training, equipment acquisition and fielding, and development of strategic and operational concepts is to decisively fight and win on the battlefield. Our Eighteenth Commandant, General Alexander A. Vandegrift, expressed this most succinctly when he compared his Marines to our adversaries of the time. He noted the Japanese soldier of World War II "was trained to go to a place, stay there, fight, and die. We train our men to go to a place, fight to win, and to live." Operation Desert Storm is only the most recent and well known illustration of our commitment, and our achievement on the battlefield.

FUTURE CHALLENGES

I have outlined many of the strengths of the Marine Corps Reserve. In the course of these discussions, I have also described some of the challenges we still face. In the turbulence following the BRAC related reorganizations and relocations, we have work to do to attain the end strength authorized for the Marine Corps Reserve by the end of FY96. Our military occupational specialty qualification rates need improving. Equipment shortages must also be confronted, and we must complete the implementation of our Reserve Information System

procurement. Our plans to meet these and other challenges have already been summarized. Our key challenges, however, are to maintain combat readiness while being responsive to non-traditional missions and taskings. Before closing, I would like to provide comments on both of these related issues.

Maintaining Combat Readiness

The Commandant recently testified to you that the Marine Corps is designed to fight and win wars. This axiom is no less true for the Marine Corps Reserve. The Total Force Marine Corps is America's force-in-readiness, and the Marine Corps Reserve is an integral part of that Force. Events just within the past year showed again why we need a Total Force Marine Corps. Iraq's menacing build-up on Kuwait's border and the belligerency of the now departed Haiti military dictatorship demonstrate that our warfighting mission remains relevant and crucial in maintaining regional stability under our National Security Strategy. These incidents are proof positive that we will always need a warfighting force-in-readiness to rapidly and convincingly confront regimes that use military aggression to impose their will on democracy loving people. Our fundamental challenge is the requirement to maintain our existing warfighting capability and readiness to fight and win on the battlefield. This direction is set forth in Public Law which provides "...additional duties may not detract from or interfere with the operations for which the Marine Corps is primarily organized."

Non-Traditional Roles and Missions

Current guidance at the national level has not modified our emphasis to hone combat readiness for our traditional roles. We have been and will continue to embrace the fundamental combat roles of augmentation and reinforcement of the Active Component.

Recent guidance, however, does address the potential to use the Reserve Component in non-traditional missions and taskings for peacekeeping and peacemaking operations prior to mobilization. Our challenge is to continue to concentrate on improving upon our existing capability to meet conventional threats during major conflicts while seizing opportunities to contribute to the emerging, non-traditional, missions and taskings. To date, the non-traditional initiatives have been accompanied with the stipulation that the additional taskings will not affect readiness. We have been careful to protect our combat readiness while still supporting these non-traditional missions.

We are receptive to examine methods to capitalize on the training and readiness opportunities afforded by the new missions provided they are not detrimental to our warfighting readiness. These include humanitarian and disaster relief operations, counternarcotics operations, peacekeeping operations, crisis response, and civil disturbance operations.

In Operation Sea Signal, over 438 citizen Marines volunteered for active duty at Guantanamo Bay, Cuba. With over 14,000 Haitians and almost 30,000 Cubans in refugee camps at Guantanamo Bay, the Reserve provided a series of task-organized provisional rifle

companies to relieve Active Component units providing security for the migrants. The first to deploy was a company from the 25th Marine Regiment. They were replaced by a similarly task-organized provisional rifle company from the 24th Marine Regiment. A third replacement company was provided by the 23rd Marine Regiment. The assistance provided by these volunteer Marines covered the period 17 September 1994 through 21 December 1994.

During Operation Uphold Democracy in Haiti, another 84 Reserve Marines volunteered for 45 days of active duty at Camp LeJeune, North Carolina. These reservists, primarily from the 4th Force Service Support Group, provided equipment maintenance support for tank and artillery units deployed in the Caribbean. Fifteen additional reservists assigned with USACOM spearheaded the efforts of the International Police Monitors in Haiti.

Marine Forces Reserve has also supported a myriad of civil-military projects which can be categorized into three areas: education/job training, health/human services, and engineering/infrastructure projects. Counterdrug demand reduction education presentations have been given to over 47,000 school age children. Emergency assistance has also been provided to civilian authorities during the Washington State wildfire, the Albany, Georgia flood, the Edison, New Jersey gas line explosion, and the Mobile, Alabama Amtrak crash. To keep abreast of the increasing number of requirements, Marine Forces Reserve has established a new Civil-Military Assistance Office to coordinate our assistance programs.

Imaginative planning is a key to successful employment of the Reserve Component. Our planning objective is to maintain our combat readiness while effectively contributing to peacetime service and training opportunities which would enhance our warfighting readiness.

CONCLUSION

I have described today what we are doing in the Marine Corps Reserve to be ready when needed, relevant in force composition and employment, and fully capable of meeting national requirements. I have defined our strategic concept for the future, our envisioned roles and missions within that concept, and our primary warfighting concepts to accomplish all combat taskings. I have also provided information of interest to the Committee on the strengths of the Marine Corps Reserve including personnel quality, our Inspector-Instructor and Active Duty Support Program, our warfighting readiness and training, and our organization and equipment superiority. Key challenges to our combat readiness to fight and win in battle have also been described.

Marine Forces Reserve has demonstrated itself an integral component in making the Total Force Marine Corps America's ready, relevant, and capable force-in-readiness. As we refine our focus as a genuine complementary partner in the joint sea-land-air team of national defense, our primary mission remains inviolate. We are first and foremost warfighters. The World Wars, Korea and the Persian Gulf demonstrate the importance of having a Marine Corps Reserve organized, trained, and equipped to rapidly and seamlessly augment or reinforce the Active Component forces in combat. The Total Force Marine Corps is a

versatile, forward deployable, self-sustainable, expeditionary force-in-readiness. Our core capability is unique among the services, and a national asset in times of crisis. We embody characteristics of air, land, and naval forces producing a complementary, integrated, combined arms team.

We look forward to continuing our tradition of service to the Nation and building on our legacy as expeditionary warfighters from the sea. As always, we look to the Congress to support the Total Force Marine Corps.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
STATEMENT OF
REAR ADMIRAL RICHARD M. LARRABEE
BEFORE THE
SUBCOMMITTEE ON MILITARY PERSONNEL
OF THE
COMMITTEE ON NATIONAL SECURITY
UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 23, 1995

Good morning, Mr. Chairman, distinguished members of the Committee, and Secretary Lee. I am Rear Admiral Richard M. Larrabee, Chief, Office of Readiness and Reserve for the U.S. Coast Guard. It is a pleasure to be here today.

The Assistant Secretary of Defense for Reserve Affairs has elaborated four goals for the National Guard and Reserve. There is a great deal of synergy between these goals and those of the Commandant as set forth in his Executive Business Plan. My testimony will focus on how the Coast Guard Reserve has aligned itself with these common goals.

Specifically, the Commandant has tasked the Coast Guard to maintain a strong capability to respond to multi-mission requirements as a military service while meeting the mandate to streamline with no reduction in essential services. The Coast Guard Reserve serves as a cornerstone of this vision. Our standby status provides the Coast Guard a very economical means to quickly grow its active force to meet the broad range of contingencies the Service faces today. For example, in the Coast Guard's response to the Haitian crisis, reservists staffed deployable Port Security Units; in the Coast Guard's response to the Houston floods and oil spill, reservists assisted as trained

spill management personnel; and in the Coast Guard's Cuban Exodus response, reservists provided critical logistics support.

The Coast Guard Reserve provides qualified personnel who are available to meet surge requirements when our active force needs assistance in managing extraordinary mission requirements. When mobilized for mission response, the cost of reservists is equal to that of the active duty force, but when the job is done, the reservists are sent home. This is cost effective. Clearly during the past twelve months, our Reserve component has played a key role in the Coast Guard's multi-mission successes.

To maximize the Coast Guard's ability to respond effectively to all operational contingencies at the lowest cost, the Coast Guard has embarked upon a "Team Coast Guard" concept. Simply put, Team Coast Guard integrates reservists with the active duty unit they augment, resulting in one set of missions, one command structure, and one administrative system. We built the program's foundation carefully over the past fifteen years, committing to augmentation as our primary training vehicle, converting of personnel and pay management systems to a single Coast Guard system, and embedding formal training delivery systems into those of the active service.

The final steps began last August when the Commandant approved the recommendations of the Reserve Organization Study Team, headed by Rear Admiral Rudy Peschel. The key recommendation of this study was to place augmenting reservists under the direct command of the active unit they support. Thus, this year we commenced the process of fully aligning reserve units with the

active unit they augment and placing these units within the command structure of the active duty unit.

We are also collapsing the separate reserve administrative system and command structure. Active duty commanders are responsible for the training and administration of their reservists. Reserve officers and senior petty officers, who previously focused on administration and training, are now being redirected toward operational qualifications. Even our administrative ratings will benefit. They no longer work exclusively on reserve administration, but now use the active service's administrative, financial and logistics systems. This program will reduce eighty-five active duty support military billets and civilian positions over two years. We will continue to provide high quality support to our reservists at lower costs.

Active commanders are excited about integration because, for the first time, they can employ their reservists in the manner that provides a direct contribution to mission accomplishment. At the same time, we believe that our reservists benefit from a greater focus on meaningful training--training directly related to mobilization and contingency operation roles.

Not all reservists will integrate into the active command structure. As well as participating in traditional Coast Guard peacetime missions, the Coast Guard Reserve is committed to maintaining wartime preparedness. We will staff our deployable Port Security Units and Maritime Defense Commands from our Reserve Component. As a result, about ten percent of the Selected Reserve will be assigned to reserve units that train

full-time for a specific wartime mission. These units will continue to be commanded by a reserve officer, although there will be a small active duty cadre assigned for continuity.

The remaining ninety percent of our reservists are being integrated with the active force. For most surge operations, reservists will remain assigned to the active command they augment. The result is that the time it takes for "newcomers" to come up-to-speed is reduced. "Surge" capability therefore takes on a new meaning. Surge now means shifting from performing augmentation duties on a training basis to being activated to perform those same duties on a part-time operational basis--normally at the same command.

Clearly, we are embarking on a path that is blurring previous distinctions between the Coast Guard's active and reserve components. We are making the conscious decision to hold our active duty commanders responsible for the training and administration of our reservists. Our goal is to build a nearly interchangeable force in which all members contribute their maximum capability to meet mission demands.

In doing so, we are actively developing measures to ensure that our goals are being accomplished--both in training and in administrative support. For the Coast Guard, the Reserve Component Commander's role is changing. I am gradually relinquishing direct control of the processes to qualify and administer reservists while increasing shared responsibility for mission accomplishment with the active duty Coast Guard. We are instituting a system of measures to evaluate whether we are

achieving our goals and will hold responsible those with whom authority is shared. Also, I am broadening my role as advocate of the reserve component. The measures we develop in consonance with our active component "customers" will argue forcefully for the employment of reservists where they offer the best value for the taxpayer.

Reservists contribute to mission performance during scheduled training by reducing the excessively long work week at multi-mission stations, extending response capability in remote areas, and expanding the workweek at busy Marine Safety Offices. As Secretary Lee stated, "...in this manner we get double value for our money - a training value and an operational mission value."

Three specific examples may serve to demonstrate this value. The Coast Guard Reserve is playing a major role in preparing for the July 1995 World Special Olympics. At Coast Guard Group Long Island Sound in New Haven, Connecticut, a combined active/reserve team is using the Commander, Coast Guard Forces organization to plan and execute Special Olympic Support. Nearly the entire staff are reservists--great training with a peacetime mission payoff. For the regular Olympics in Atlanta next year, hundreds of our reservists will be activated to perform Coast Guard missions in command and control, watchstanding and waterside patrols for events scheduled for the Savannah area. Aligning Coast Guard Reservists in Savannah, Georgia with the Marine Safety Office has also resulted in, among other measurable contributions, a 68 percent increase in the number of freight and tank vessels boarded and, because of an associated improved

quality of boardings, a 350 percent increase in the number of serious deficiencies discovered.

What holds true for Marine Safety Offices also holds true for Coast Guard Stations. Reservists augmenting at a Coast Guard station in New England support the station with five fully qualified boat crews, Officers of the Day, communications watchstanders, and qualified boarding officers. Reservists augment the station every weekend to reduce the excessive work week of the active duty personnel and to extend the capabilities of the unit to respond to mission requirements. Augmenting reservists participated in 25 percent of the SAR cases performed by the unit.

Clearly, the country is obtaining double value from Coast Guard Reservists. Augmentation training is providing a direct contribution to peacetime Coast Guard missions while preparing our reservists to be activated in a qualified state. Integration is ensuring that our command, control, and administrative systems can provide our reservists the support services they deserve.

One of the Commandant's goals is to provide leadership and a working environment to enable all of our people to reach their full potential. To achieve success in this area we must maintain comparable pay and compensation to ensure a quality workforce. Here our members stand to gain much from mobilization insurance, tax credits for employers, reemployment rights, Montgomery GI Bill benefits and other benefits described in Secretary Lee's statement. Putting our people first will enable all the reserve components to compete as an employer of choice.

As we work our way through transition to "Team Coast Guard" and focus upon maximizing the value of our 8,000 Selected Reservists, I believe that we must offer our reservists a feeling of stability, not based upon the absence of change, but through knowing what is constant. The most important constant, I believe, is the new relationship between the Coast Guard and its Reserve component, wherein both are fully committed to delivering double value to the taxpayer--quality, peacetime mission accomplishment and an always ready mobilization force.

STATEMENT OF MAJ. GEN. ROBERT F. ENSSLIN, JR., NGUS (RET.), EXECUTIVE DIRECTOR, NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

General ENSSLIN. Mr. Chairman, I will be very brief. I am here to testify in opposition to the administration's across-the-board cuts to the military technician program. I would like to quote from a letter signed by Senators Ford of Kentucky and Bond of Missouri who are the cochairmen of the Senate National Guard Caucus.

It was a letter to President Clinton last November. The letter was sent after the media reported that the President personally opposed the Provision and the Defense Appropriations Act which limited cuts in the technician program to only those related to force structure reductions.

I quote from the Senator's letter, "It is ironic that a program which should be touted as an example of efficiency is being identified as an impediment to improving Government efficiency.

The administration should be using the military technician program as an example of where the bureaucracy should be headed. When an average of 10 percent of Guard and Reserve Forces serving full-time can provide the support needed to train and prepare the other 90 percent so that the Nation does not need to pay to have them all on a full-time active duty status, it should be used as an example of government efficiency.

When that same other force provides a dual benefit by being prepared to respond to the call of our Nation's Governors during State and local natural disasters or other domestic needs, it is even more difficult to understand the administration's position.

We believe the two Senators, both former Governors, had a better grasp on the purpose and importance of the Military Technician Program than those making decisions in the current administration.

The point I would like to make is military technicians are assigned against military positions, primarily responsible for day-to-day support of training, operations, maintenance, and overall readiness of Guard units.

Accepted National Guard military technicians must be members of the Guard in a compatible skill as a condition of employment. When Congress established the National Guard Military Technician Program in 1968, it clearly indicated the intent was to provide a formal retirement and benefits package, while retaining the military nature and the State command and control relationship of the program.

Congress has protected the technician program against sequestration under the Deficit Reduction Program in recognition of its similarity to the military programs. Until last year, it also protected technicians against civilian across-the-board cuts by setting a fixed floor in the annual Defense appropriations bills as an alternative to converting the entire program to Active Guard and Reserve or AGR status, as had begun in 1978, in response to earlier attempts to include them in civilian cuts.

The National Guard Association is convinced that the military technician force should never have been included in the civilian baseline against which the reinventing Government target was computed.

By including them, it forced DOD and the services to either absorb the cuts elsewhere or impose them on the technician program. In effect, it became a double cut. Adjustments for force structure changes were made and then a 20-percent reinventing Government cut was added on top.

Even if given credit for force structure cuts, an overall 20-percent cut will be devastating to the Guard and its readiness. The proposed cuts only exacerbate the severe shortfall in full-time support manning of military technicians and AGR in the Army Guard which is currently manned at less than 60 percent of the validated requirements.

In summary, the Nation can't have it both ways. At the same time, DOD is severely impacting on the readiness of National Guard units by cutting the full-time support force and reducing the size of Air Guard units.

The Secretary repeatedly is making speeches about initiatives to use the Guard and Reserve more in day-to-day support of the CINC's. Mr. Chairman, at a hearing about 2 weeks ago, you referred to the testimony of one of the service senior NCO witnesses when he talked about a quality-of-life checkbook in which we couldn't continue to write checks without making deposits.

The same analogy is true with the National Guard. We cannot continue to write bigger and bigger checks on the use of the National Guard without making deposits in full-time support, adequate force structure, and sufficient resources for operations and training.

We need to make a deposit of \$12.5 million in Army Guard O&M and \$400,000 in Air Guard O&M in the fiscal 1996 budget to restore the reinvent government military technician cuts and to protect Guard training and readiness.

The Army Guard also needs restoration of an additional \$32 million in order to maintain at least the fiscal year 1994 level of approximately 60 percent manning against requirements.

[The prepared statement of General Ensslin follows:]



NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

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STATEMENT BY

MAJOR GENERAL ROBERT F. ENSSLIN, JR. (RET.)

EXECUTIVE DIRECTOR

of the

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

to the

MILITARY PERSONNEL SUBCOMMITTEE

of the

HOUSE NATIONAL SECURITY COMMITTEE

23 March 1995

It is a pleasure to appear before this committee on behalf of the National Guard Association of the United States (NGAUS), representing the men and women of the National Guard. There are two topics I would like to cover today: a brief summary of what the Guard is; and what we believe as an Association are the three most important priorities for the National Guard for fiscal Year 1996.

The National Guard has served to protect America - nation, state and community - since its origin as a militia in 1636. The concept of an organized and trained militia, available to support a small active federal force, has been the guiding defense policy of this country since its inception. From the time of our Founding Fathers, who provided in the Constitution for organizing, equipping, manning, training and calling of the militia, to the most recent modification of call-up authority under section 673 of Title 10, U.S.C., members of the National Guard, or militia, have been available and ready to respond to any level of assistance required to protect or defend their neighbors or their country. This Association is committed to ensuring that members and units of the Army National Guard and the Air National Guard remain ready and capable of performing both their federal and state missions in the future.

A review of the significant role played by the National Guard in periods of conflict, as well as in foreign and domestic peacetime operations, should convince even its greatest skeptics that a changing environment has not altered the ability of Guard forces to respond in an effective manner. In more recent times the National Guard has played a key role in support and augmentation of our limited active forces: from the 19 divisions and 29 air squadrons involved in World War II; the eight divisions and 66 squadrons on duty during the Korean War; the two divisions and 40 squadrons called during the Berlin Crisis; to the more than 62,000 soldiers and 11,000 airmen activated for DESERT SHIELD/DESERT STORM.

Equally impressive are the continuing peacetime operations of the National Guard, with more than 26,000 Army Guard and 20,000 Air Guard members deployed during the past year in support of worldwide training, joint exercises and various types of support operations. During the same period, the Guard was also involved in more than 400 state emergency missions and 6,700 counterdrug missions in its dual federal and state role. On a typical day more than 3,000 soldiers and airmen are on federal active duty and 3,200 are on state active duty.

The Guard has continued to expand its level of activity even while going through one of the largest reductions in personnel in its history. However, it is now faced with program changes and

budget shortfalls which could affect readiness. Three major issues need to be addressed to ensure the Army and Air National Guard can maintain their high level of readiness and operational support of active forces. They include force structure stability, full-time manning and adequate resourcing of operations and training requirements.

With the many adjustments being driven by budget reductions, stabilizing force structure remains a major concern. The Army "off-site" process has helped resolve the force level and major structure issues for the Army National Guard through FY 1999, although defining mission requirements, and establishing readiness and resource levels of the various elements are still to be resolved.

However, the Air National Guard continues to face drastic cuts in force structure. General purpose fighter units are being reduced from 24 or 18 Primary Aircraft Authorized (PAA) per unit to 15 PAA. In several instances, fighter units are programmed to be converted to airlift or air refueling missions by taking aircraft from other Air National Guard C-130 and KC-135 units, thereby reducing their PAA levels also. It is expected that the Air Force is going to announce further reductions in Air National Guard general purpose fighter units to 12 PAA, along with further cuts in airlift units and elimination of several air defense fighter units and other training units. The ongoing reductions

in fighter, airlift and tanker units will not only reduce the effectiveness of each Air Guard unit, but it will also reduce the day-to-day accessibility and capability of airlift and tanker units in support of Air Force missions.

Continuing to reduce the general purpose and air defense fighter forces, for which the Guard is ideally suited as a backup force in time of need, while expanding the peacetime daily operational use of Guard airlift and air refueling forces, does not appear to be the most effective method of mixing National Guard and active forces. Stabilizing the airlift and tanker forces, retaining air defense units, and maintaining at least 15 PAA in general purpose fighter units would appear to be the most cost-effective solution for meeting Total Air Force requirements for the near term. Such action can be accomplished in FY 1996 for less than \$50 million by restoring \$14.1 million in military personnel funding, with 249 AGR and 3,249 drill positions, and \$45.7 million in operations and maintenance funding, including 493 military technician positions. Restoring the manpower and funding to the Air National Guard would also position Guard fighter units to be robusted for greater efficiency if overseas Air Force fighter units are drawn down in the next several years.

A second priority issue is to maintain or improve the level of full-time support in National Guard units. The mix of

military technicians and Active Guard/Reserve (AGR) members is the backbone of the day-to-day training, operations, maintenance and overall readiness of Guard units. The Air Guard has been able to maintain a high level of readiness primarily because of its full-time manning level of approximately 90 percent of requirements. The Army Guard, however, is only manned at 60 percent of requirements and will be severely limited in expanding its role as additional mission requirements are placed on it.

A serious threat to readiness in both the Army and Air National Guard is the recent proposal by the Department of Defense to impose a 20 percent cut in the military technician force over the next five years as part of the administration's "reinventing government" program. Rather than cut the military technician program, the administration should be using it as an example of how to get maximum utilization from minimum resources. Any program that can train and maintain a force with only 10 to 20 percent full-time members, thus saving significant work year costs, should be used as an example of government efficiency. In fact, the military technician force should never have been considered a part of the "civilian work force" due to the technician's unique status. Although pay and benefits are based on the federal civilian personnel program, Congress very clearly stated, when establishing the program, that it intended to provide a formal retirement and benefits package, without changing the military nature or the state command and control

relationship of the program. Military technician positions are based on military requirements and are subject to reduction as part of the continuing force structure drawdown, just as other military positions. In fact, a National Guard military technician must be a member of the Guard to occupy that position. The application of the "reinventing government" program cuts would cause a reduction of approximately 9,100 military technicians, which would have a devastating impact on National Guard readiness. Estimates show that all Air guard flying units would be down to a readiness rating of C-3 by FY 1998 and C-4 by FY 2000. Cuts to the Army Guard would cause a severe backlog in maintenance of surface and air equipment and would impact on critical readiness programs. The FY 1996 portion of the cuts to military technician positions can be restored and readiness maintained by providing funding of \$12.5 million for the Army National Guard and \$.4 million for the Air National Guard.

Finally, even if force structure and full-time manning issues are resolved, the requirement to provide sufficient resources to maintain training, readiness and operational capability will be a critical issue. Modernization of equipment, either through procurement, transfer or upgrading, and maintaining training facilities and ranges are necessary if the National Guard is to be compatible and capable of operating with the active forces in any future conflict. However, training resources are equally important and significant shortages have begun to surface in

both operations and maintenance and military personnel training funds, particularly in the Army National Guard. The Army National Guard total shortage of funding for identified training, readiness and operational requirements for Fiscal Year 1996 is \$334 million. A total of \$136.5 million is needed in military personnel funds to fully fund schools and special training and minimum full time AGR requirements. There is also a shortfall of \$197.5 million in operations and maintenance funding for depot maintenance, real property maintenance, medical/dental screening and readiness/operations tempo training. As I stated earlier, an additional \$12.5 million in operations and maintenance funding is needed to restore the proposed cut in the military technician force for FY 1996.

The dramatic drawdown in the defense budget and in Active forces over the past several years have caused many to claim that the nation has cut too far and too fast. This Association agrees with that assessment. Assuming that the nation must be able to conduct two nearly simultaneous major regional contingencies, the defense reductions appear to have gone too far. Decisions on the most effective levels and mix of forces within the Active, Guard, and Reserves are difficult, but the overall goal must be to provide the maximum national defense capability at minimum cost to the nation. We are convinced that the ability of the National Guard to provide ready forces to meet both Federal and State missions will help achieve that goal.

The National Guard has been protecting America from external and internal threats throughout the nation's relatively short history. The Guard is proud of its accomplishments and anxious to continue to serve to the utmost of its ability. The National Guard Association of the United States, as an advocate for the requirements of the National Guard in all the states and territories, is committed to making certain the Guard can perform its dual federal and state roles in the future. We are convinced that reliance on the National Guard will continue to grow, but we also recognize that shrinking defense resources will result in a need to reexamine how we can provide the most effective, and least costly, support to the active components and to the nation. Stabilizing force structure, maintaining adequate full-time manning and funding required operations, maintenance and training are necessary if the National Guard is to be able to continue to provide capable and ready forces when needed.

Mr. DORNAN. Thank you. General Sandler.

**STATEMENT OF MAJ. GEN. ROGER W. SANDLER, AUS (RET.),
EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION
OF THE UNITED STATES**

General SANDLER. Thank you, Mr. Chairman.

It is a pleasure to be here with you today and represent the 102,000 members of the Reserve Officers Association, as you stated, of which you are a member. We are happy to have you on board.

The Bottom-Up Review posits an increased reliance upon the Reserve components. It is one of the basis of its recommended force structure. Drawing upon the lessons learned from Operation Desert Shield and Desert Storm, the implications for the total force are clear and inescapable.

Reserve Forces trained and equipped to a high state of readiness are essential for any successful significant military operation by our Armed Forces. One major key to the Reserve component readiness is the level of full-time support available to commanders.

As you know, they handle the day-to-day maintenance, logistic, and training support duties associated with unit operations. Full-time support personnel, whether active duty reservists, civilian technicians, Active component soldiers attached to Reserve units, or other civilian employees allow drilling reservists to spend their available time training to perform their mobilization mission.

Increased reliance means increased requirements for readiness. Increased readiness in the Reserve components demands adequate levels of full-time support. The number of full-time support available in the Reserve units has been shrinking under the pressure of budget reductions.

Now, there is action to reduce the number of military technicians in Army, Air Force, Reserve, and National Guard units as part of an effort to shrink the size of the DOD civilian work force.

The proposed 20-percent reduction would have the most disastrous effects upon Reserve readiness and mission capability. The Army Reserve has over 34,000 full-time support requirements of which only 62 percent are authorized for fill.

We in the ROA believe that there should be no further reduction of full-time support in the Army Reserve except those which are a direct result of an inactivating unit. We also believe that, of the proposed civilian reductions in defense, the military technician should be exempted from the computations.

The reason for exempting all military technicians from the Department of Defense civilian manpower reductions is that there is a direct negative impact on readiness of the units affected.

A condition of employment, as General Ensslin stated, in a Reserve unit as a military technician is to be a military member of the Reserve. The civilians provide continuity between training assemblies in the areas previously mentioned.

Arbitrary reductions of military technicians will deplete the important functions required to prepare units to begin immediate training when arriving at the training site. With only 16 hours a month for drill time, the full-time support personnel provide valuable services to enhance unit readiness.

With the smallest percentage of full-time support personnel of all of the services, that General Baratz indicated earlier, the Army Reserve and National Guard must be provided the opportunity to achieve readiness levels expected.

The civilian military technician and military full-time support provide the resource necessary to achieve desired results. In the case of the Air Force, is the Air Reserve technician, commonly called an ART, a civil servant who must also be a military member of the unit he serves as a civilian who is the linchpin in running our units on a daily basis.

It is the ART, who like the off-base reservist he supports, has both a civilian and military job. It is also he who is now in jeopardy of lowering the readiness level of his unit by being caught in the Department of Defense fair share civilian work force cut.

Approximately 15 percent of an Air Force unit's military manpower are in the ART category. Depending on the type of unit, any DOD civilian manpower cut will have a severe impact on those units' readiness.

The ART's are the flight examiners, the administrators, schedulers, trainers, maintainers, and instructors who keep the unit combat ready. If the Air Force Reserves, over 10,000 Air Reserve technicians, suffer a 20-percent cut, it would most certainly cause several units to be closed and create a significant reduction in readiness.

The Marine Corps has implemented a new Active Reserve Program for reservists on full-time active duty in support of the Marine Corps Reserve. The adoption of this new career program for reservists should go a long way in addressing the critics of the former full-time support program, while at the same time creating a much needed cadre of professionals to ensure that the technical training and administrative requirements of the selected Marine Corps Reserve are met in an efficient and an effective manner.

The current Active Reserve structure consists of 2,559 validated military personnel spaces in the Marine Corps which are 274 more than authorized full-time support personnel for fiscal year 1995. In addition, 816 personnel are needed to adequately support a Marine Corps selected Reserve of 42,000.

Most of these additional personnel are needed to replace Active component personnel who have supported the Marine Corps in the past, but whose billets have been eliminated during the recent drawdown of the Marine Corps.

The Marine Corps is attempting to phase in the needed additions to the Active Reserve Program by the end of fiscal year 1998. ROA strongly endorses this program and recommends that Congress increase the full-time support personnel in-strength for 1996 by 274 to meet at least all of the documented shortages from the current Active Reserve personnel authorizations. We would like you to provide the \$7.3 million in additional funds needed in the Reserve personnel Marine Corps appropriation.

In summary, Mr. Chairman, the ROA urges the Congress to adopt language permanently excluding military civilian technicians from all manpower reductions, except those associated with the force structure changes.

We further urge that the Congress authorize full-time support levels of at least 12 percent for the Army Reserve and keep the 15 percent military technicians for the Air Force Reserve.

This is absolutely necessary to provide the readiness required by today's increased reliance upon Reserve components. Mr. Chairman, thank you for allowing me the opening statement. I am ready to take your questions.

[The prepared statement of Major General Sandler follows:]

Statement of Major General Roger W. Sandler, AUS (Ret.), Executive Director of the Reserve Officers Association of the United States, for the House National Security Committee's Subcommittee on Personnel, regarding the Defense Authorization Bill for Fiscal Year 1996—23 March 1995.

Mr. Chairman and Members of the Subcommittee:

On behalf of the many members of the Reserve Officers Association from each of the uniformed services, I thank you for the opportunity to present the association's views and concerns relating to the Reserve components and the Defense Authorization Bill for FY96.

First, I would like to thank you for your past support of the Reserve components. By consistently promoting Reserve component programs, you have contributed directly to morale and to the high state of Reserve component readiness. Without your past support, the Reserve components could never have responded as they did in Operations Desert Shield/Desert Storm and subsequent contingencies.

Today, our nation is charting a new course for its defense. The threats to national security have been altered by the demise of the Soviet Union and the end of the Cold War. The danger of an East-West confrontation has essentially disappeared, but the world has at the same time become more volatile with the rise of ethnic and religious hostilities, regional instabilities, nuclear proliferation, and terrorism. All of these external developments take place against a domestic backdrop of constant economic and political pressures to reduce defense spending as a means of shrinking the deficit. As East-West tensions have decreased, Defense expenditures have come to be viewed ever more frequently through the glass of economic affordability.

This is as it should be. There can be no justification for continuing to spend our national treasure as if the Cold War had not been won. On the other hand, the world remains an volatile place, and a particularly taxing one if you are a super power and choose not to abdicate your role as a world leader. The vexing question is what should we see as our place in the new scheme of things. What is possible? What can we truly afford to do within our national resources? What do we dare not do within those same resources? These questions are the basis of ongoing analysis and debate. Their impact on the issue of what is appropriate and affordable militarily is what concerns us here today.

The restructuring and drawdown of all of our Armed forces, our Total Force, continues apace even as we ask ourselves if we are going too fast or too far in the downsizing process. Our major concern as an association is that in our enthusiasm to achieve economies and savings we avoid the excesses that have characterized earlier reductions, excesses that have taken bone and muscle, leaving us ill-prepared to meet military challenges that have materialized all too soon, perhaps, at least in part, as a result of perceptions of our diminished readiness. Our recent experience in Somalia has reminded us once again that there are real limits to what even a superpower can accomplish in any given circumstance. What our Russian friends refer to as the correlation of forces, the ability to apply the appropriate force to a specific situation and so to control the military outcome, requires great flexibility. There is a real danger that we may lose that flexibility on our way to the bank. It has happened before.

BOTTOM-UP REVIEW

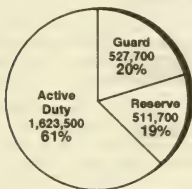
ROA believes the Bottom-Up Review (BUR), on which the FY96 Defense Budget Request is based, is an essentially sound effort to analyze defense requirements in light of the changing threats to our national security. However, we are compelled to point out that many of the Reserve component force reductions growing out of the Bottom-Up Review appear to be little more than across-the-board cuts are unsupported by analysis and are neither innovative nor cost-effective. Worse still, they appear to sap the very flexibility that must be the hallmark of our military forces in the post-Cold War world.

In spite of expression by the Congress and the Department of Defense that the role of the Guard and Reserve should be increased, the strength of the Reserve components vis a vis the Active components shows no projected change. In FY94, when the military drawdown was already well under way, the Guard and Reserve comprised 39 percent of the Total Force. Despite the sentiments expressed in the Bottom-Up Review, that total percentage is projected to remain unchanged in FY99. The stasis

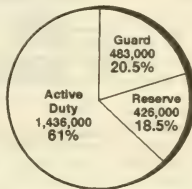
exhibited by these percentages is telling indeed, given all the changes that could have been factored into the force-mix equation, and leads one to conclude that the cuts had more to do with "sharing the pain" than with flexibility, cost-effectiveness, or changes in the threat.

While the Bottom-Up Review is a significant contribution to the restructuring of America's military following the Cold War, it should not be considered as being etched in stone. Indeed, many in the Congress and others conversant with the realities of defense planning and strategy question whether the BUR's end-state military force can, in fact, meet the challenge of dealing successfully with two, nearly simultaneous major regional contingencies. Assumptions must be scrutinized, and new information or data should be considered. The Bottom-Up Review, or any defense planning, must evolve.

Department of Defense FORCE MIX



FY94 AUTHORIZED PERSONNEL



FY99 PLAN (BOTTOM-UP REVIEW)

GREATER RELIANCE ON RESERVE COMPONENTS

The 50 years of reliance on a large, Cold-War standing military have ended. Confronted with sizeable defense budget reductions, changes in the threat, and new missions, America's military answer for the future must be a return to the traditional reliance on the Minuteman—the members of the Reserve components. Can America's Reservists fulfill their commitment to the Total Force—can they meet the challenge?

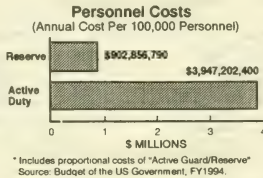
Operations Desert Shield and Desert Storm proved that the Reserve components were ready and able. During the Gulf War, more than 245,000 Reservists were called to active duty. Of the total mobilized, 32 percent were from the National Guard and 67 percent from "the Reserve." More than 106,000 Reservists were deployed to Southwest Asia. About 20 percent of the forces in the theater were members of the Reserve components.

CONTRIBUTION OF RESERVE FORCES

Reserve forces contribute to and are integral parts of all three elements of national strength—a strong economy, a credible military, and a strong national will. First, Reservists contribute to the productive segment of the nation's economy as workers and tax-paying citizens. Second, a strong, viable Reserve force is an inseparable part of the nation's military, a cost-effective augmentation to the Active force and the marrow of the mobilization base. Finally, mobilizing Reserve forces is the litmus test and the enabler of public support and national will. The early and extensive involvement of the Guard and Reserve in the Gulf War was instrumental in achieving the strong public support of the military and our national objectives.

RESERVE COMPONENT COST-EFFECTIVENESS

ROA maintains that a proper mix of Active and Reserve forces can provide the nation with the most cost-effective defense for a given expenditure of federal funds. Reservists require only 23 percent of active-duty personnel costs, even when factoring in the cost of needed full-time support personnel. The following chart shows an example of comparative yearly personnel (only) costs for 100,000 Active and Reserve personnel. Over a 4-year period, 100,000 Reservists cost **\$3 billion less** than 100,000 Active-duty personnel. If the significant savings in Reserve unit operations and maintenance costs are included, billions more can be saved in the same period. ROA is not suggesting that DoD should transfer all missions to the Reserve, but the savings Reservists can provide must be considered in force-mix decisions. It is incumbent upon DoD to ensure that each service recognizes these savings by seriously investigating every mission area and transferring as much structure as possible to the Reserve components.



RESERVE COMPONENT COMMAND AND CONTROL

In defending the FY96 DoD Budget Request, Secretary of Defense William J. Perry has stressed that DoD has "...accorded the highest priority to preserving readiness." ROA applauds the emphasis the Administration has given readiness, and we support increased funding for readiness. However, Reserve component readiness can be enhanced without committing additional funds. ROA has long advocated vesting the respective Reserve component chiefs with command and control of their Reserve forces during peacetime as a way of ensuring readiness.

Complying fully with the intent of the Reserve Forces Bill of Rights (PL 290-168), the Air Force has produced exceptional readiness and performance by providing the Chief of the Air Force Reserve peacetime command and control of Reserve forces—Naval and Marine Corps Reserve component command structures Air Force are similar.

In January 1993 the Army leadership rejected, for the second time in 5 years, the recommendation of a congressionally directed independent commission to make the Army Reserve Command a major command, commanded by the Chief of Army Reserve, reporting directly to the Chief of Staff. By failing to provide the Chief of Army Reserve command and control of all Army Reserve forces, the Army has perpetuated inefficiencies that have resulted in lower readiness.

If the Reserve components are to be a stable, ready, responsive, and viable part of the Total Force, their leaders must be equal and full participants in the decision and resourcing processes. **ROA recommends that codifying peacetime command and control of Reserve forces by the Reserve chiefs be given the highest priority.**

FULL-TIME SUPPORT

The Bottom-Up Review posits an increased reliance upon the Reserve components as one the bases of its recommended force structure. Indeed, drawing upon the lessons learned from Operations Desert Shield and Desert Storm, the implications for the Total force are clear and inescapable: Reserve

forces, trained and equipped to a high state of readiness are essential for any successful significant military operation by our armed forces. One major key to Reserve component readiness is the level of full-time support available to commanders to handle the day-to-day administrative, logistical, and training support duties associated with unit operations. Full-time support personnel, whether active duty Reservists, military technicians (civilian employees who, by law, are required to be drilling Reservists), Active component soldiers attached to Reserve units, or civilian employees allow drilling Reservists to spend their available duty time training to perform their mobilization mission.

Increased reliance means increased requirements for readiness. Increased readiness in the Reserve components demands adequate levels of full-time support. The percentage of full-time support available in Reserve units has been shrinking under the pressure of budget reductions. Now DoD seeks to reduce the number of military technicians in Army and Air Force Reserve and Army National Guard units as part of its effort to shrink the size of its civilian workforce. I shall provide further details on the effect of these reductions on the Army and Air Force Reserve later in my testimony, but for the moment it is sufficient to say that the 20 percent reduction envisioned by DoD would have the most disastrous effects upon Reserve readiness and mission capability. **ROA urges the Congress to adopt language permanently excluding military technicians from all manpower reductions except those associated with force structure changes. We further urge that the Congress authorize levels at least 12 percent as recommended by the Assistant Secretary of Defense for Reserve Affairs of full-time support adequate to provide the readiness required by today's increased reliance upon the Reserve components.**

IMPACT OF BASE-CLOSURE ACTIONS

ROA is pleased that the needs of the Reserve components were given somewhat greater weight in the decision-making process that went into DoD's BRAC 95 recommendations than has been the case in the past. We hope that the BRAC Commission will also carefully consider the Reserve component readiness factor during its deliberations. Base closure actions, which translate into personnel separations, not only deprive Reserve components access to trained and experienced personnel, they discourage and drive away Reservists who might otherwise serve. The turbulence and uncertainty currently being experienced by Reservists are affecting both retention and recruitment. The Reserve components can benefit from the relatively large pool of experienced personnel who are being separated from the Active components, but unless the Reserve components can provide some promise of a rewarding continuing career, they will be unable to attract and retain quality personnel.

Because serving in the Guard or Reserve must be subordinate to the daily demands of a Reservist's civilian occupation, the effects of geographic change and turbulence can be more devastating to Reserve component readiness than to the readiness of the Active components.

DEMOGRAPHIC IMPACT

The critical impact of demographics on the Reserve component readiness is often overlooked. Unlike their active-duty counterparts who can relocate readily, Reservists are tied to their civilian employment and are often unable to make a move. Units must be located to provide ready access to their members and potential members. The closing and consolidation of facilities thus deprive the Reserve components of populations of quality, experienced personnel and eliminate capabilities or greatly increase training costs. Moreover, such closures significantly degrade our ability to reconstitute our Reserve forces.

RECONSTITUTION OF RESERVE FORCES

Unlike the Active force, in which personnel are available full-time for training, Reserve units cannot be generated or reconstituted rapidly. Reserve forces rely heavily on the Active components to provide the initial training and qualification of their members. More time is required to train a Reservist who has not had active-duty experience. When a Reserve unit loses a Reservist, a significant amount of time may be required to train a replacement. We estimate that it takes between 4 and 7 years (depending on the mission) to reconstitute and requalify a Reserve component unit from scratch. Thus,

we must be very conservative when dealing with issues that could lead to the disestablishment of Reserve component units. We can't just flip a switch and expect them to work instantaneously once they've been inactivated.

ACCESS TO RESERVISTS

During the Cold War, Guard and Reserve activation was planned only as a response to a massive East-West confrontation. The world and the threat have changed, and while challenges now appear to be regional rather than strategic, access to our Reserve forces remains an issue of significance. The 103rd Congress lengthened the call-up period to 270 days, thus eliminating a major objection to utilizing Reserve forces, the time required to complete post-mobilization training for some types of combat units. Other considerations remain, however.

Reserve accessibility is a complicated issue and is becoming more so; it includes balancing the needs of the services with the needs of citizen-soldiers and their employers. It also is coming to reflect a desire on the part of many constituencies that the nation be able to benefit domestically from the very considerable investment that it has made in the noncombat capabilities of our Armed Forces. The ability to access the Reserve components (other than the National Guard) to assist during domestic emergencies is part of the overall issue of accessibility. The demands for assistance in the event of catastrophic hurricanes, floods, fires, earthquakes, and snowfalls on occasion exceed the capabilities of federal, state and local government agencies to respond. Having some unique capabilities, federal Reserve units have been ready, willing and able to assist during natural disasters and domestic emergencies by purifying water; providing and operating equipment for rescue operations and earth, debris, and snow removal; and by performing emergency medical and dental services.

Despite the requests of governors and congressional members for emergency assistance by Reserve component units, assistance has not been available because federal law has been interpreted to preclude the use of these units to respond to domestic contingencies. **ROA urges the enactment of legislation, if required, to permit units and individual Reservists of all of the Reserve components to be mobilized to respond to domestic needs at the request of the states' governors to the President.**

EMPLOYER SUPPORT

Employer support, not unrelated to accessibility, is a critical ingredient of readiness. The citizen soldier is not free to perform his military duties without the support of his employer—frequent or extensive Reservist activation can destroy employer support.

ROA applauds the National Committee for Employer Support of the Guard and Reserve for its outstanding contributions to employers and Reservists and to the resulting improved employer-Reservist relations.

Given the Desert Storm experience and the probability that Reservists will be serving on active duty with greater frequency and perhaps for longer durations, employer support becomes even more critical. **Accordingly, ROA urges support for legislation that would provide a tax credit or a tax incentive for employers of mobilized Reservists.** This legislation recognizes the sacrifices that employers are asked to endure and would go a long way in providing essential support for Reservists.

RESERVE COMPONENT RECRUITING

Recruiting requirements are not overcome by a military drawdown—new recruits are required to ensure force viability. While the Reserve components have not yet failed to meet their recruiting requirements, all of the Reserve Chiefs are concerned that they may be faced with recruiting shortfalls in the future.

While recruiting restraints are not always apparent, there are a number of known factors which are negatively affecting enlistment and commissioning. Perhaps the greatest factor is the turbulence and uncertainty caused by the drawdown and base realignment and closure actions. The positive attitude toward the military that the services enjoyed prior to but particularly during the Gulf War is eroding. A military career is no longer perceived as being as attractive as it was during most of the past

decade.

This committee can and should do much to make careers in the Reserve components more attractive, but as it becomes more difficult to attract highly qualified personnel, it is especially important that requests for recruiting be funded.

Having addressed those issues which affect all Reserve forces, I would now call your attention to the contributions and needs of the specific Reserve components.

ARMY RESERVE

As America's Army has changed from a large, Cold War, European-focused force to a smaller CONUS-based, power projection Army, its dependence on its cost-effective Reserve components has increased significantly. The Army Reserve, like the Active component, is undergoing significant changes. Because the Army Reserve is organized to provide combat support and combat service support to the echelons above division (EAD) of America's Army, any reduction to the Army's corps structure directly affects the force structure of the Army Reserve.

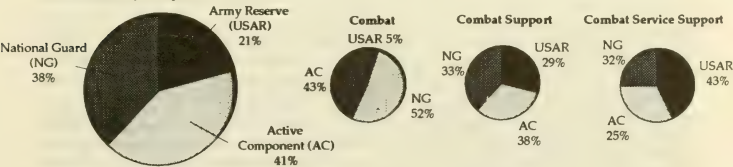
The ongoing reductions to America's Army and the Army's decision to place much of the combat service and combat service support force structure in its Reserve have placed a greater burden on the Army Reserve - requiring many units to maintain high levels of readiness. In response to this changing role the Army Reserve is placing its primary emphasis on the readiness of early activating and deploying units - units critical to deploying and sustaining America's Army.

The Army Reserve is predominately combat support/combat service support; provides combat support/combat service support command and control at echelons above division and corps; contains mainly rapidly deployable units; provides a platform for contingency deployments; is a principal trainer of Army personnel of all components; is a reconstitution base; and provides great flexibility (a federal force composed of both units and individuals, in the Selected and Ready Reserve).

The Army Reserve is now 21 percent of the Total Army. It is structured to perform 43 percent of the Army's combat service support and 29 percent of the Army's combat support wartime missions. Over 500 Army Reserve units have become part of the Contingency Force Pool (CFP) -- Active and Reserve component units that support America's Army Crisis Response Force and Early Reinforcing Force. Unlike the Army Reserve of the past, these units are required immediately at the start of any contingency operation and must be ready to perform their mission and, if necessary, deploy on very short notice.

TOTAL ARMY COMPOSITION

FY 95 By Component



TOTAL FORCE POLICY

With the evolution of the Total Force concept into a realistic policy, America's Army has become so intertwined and so dependent on its Guard and Reserve forces that it can no longer go to war without them. The on-going post-Cold War downsizing has reduced the Total Army by over 500,000

soldiers (approximately 285,000 Active, 128,000 Guard, and 111,000 Reserve). This reduction in strength and the Army's change from a forward deployed Army to a CONUS-based power projection force requires a much greater involvement between the Active and its Reserve components and a greater reliance by the Active on its Reserve component force. The importance of the Guard and Reserve to our national defense is clear when you look at the strategy of the Bottom-Up Review. The strategy - to fight **and win** two major regional conflicts (MRC) - requires the call-up and the involvement of the entire Army Guard and Reserve force. Readiness of the RC is key to this strategy.

Army Reserve readiness is much improved over the past decade. Much of this improvement can be credited to the effective management and distribution of resources by the congressionally mandated United States Army Reserve Command and the constant concern of Congress. Without any doubt the readiness of the Army Reserve would be considerably lower had it not been for past congressional assistance in appropriating and authorizing levels of resourcing above the DoD request. Even with congressional interest and support, the Army Reserve, when compared to the other Reserve components, continues to have the lowest level of equipment-on-hand (EOH), the lowest percentage of full-time support (FTS), and, unfortunately, because of this historically low level of resourcing, the lowest level of readiness of all the Reserve components. **We urge the Congress to continue to resource the Army Reserve at higher levels to bring it to parity with the other Reserve components.**

Successful participation in Operation Desert Storm, Somalia, and Haiti, to name a few, has shown that today's Army Reserve is a successful and essential partner, an integral player, in America's Army. The Army Reserve continues to be the backbone of the Army's ability to go to war and sustain operations. At a much reduced cost, Reservists provide the myriad wartime support capabilities not required or affordable on a full-time basis in peacetime.

In peace and war the Army Reserve performs many functions for which the Active Army is no longer resourced. As examples, the Army Reserve manages the loading of ships; expands the training and mobilization base here in CONUS; provides logistical and medical support at home and in the theaters of operation; transports personnel, supplies, and equipment; builds the infrastructure of roads, base camps, and fortifications; establishes and operates prisoner of war facilities; repairs equipment; conducts civil affairs and psychological operations; and from its Individual Ready Reserve (IRR) of 450,000 personnel - our primary source of pretrained individuals, fills Active, Guard, and Reserve units. The Army Reserve has proven repeatedly - **"When they were needed, they were there!"**

Much of the Army Reserve's success can be attributed to the level of maturity, education and training, and experience of its citizen-soldiers, and its ability to focus and capitalize on a set of unique core competencies for which the Army recognizes its proponent. Since many Army Reservists' military specialties are closely related to their civilian occupations, this combination of maturity, education, and experience provides an extremely high level of professional competence in America's Army.

The Army Reserve, like all of the Army's components, is currently participating in major reductions in its size and capabilities. Since 1990 the Army Reserve has been reduced from a selected Reserve (SELRES) force of 319,200 to a FY96 projected end strength of 230,000 - a 29 percent reduction - 34 percent by FY99 when the Army Reserve will be at 208,000. This is the end-state of the BUR plan and will drive the Army's Reserve components to a combined end strength of 575,000 in FY99.

The Army has approved a command and control (C2) restructuring plan for the Army Reserve that the Army believes will be more efficient and lower C2 overhead. This plan will reduce the number of Army Reserve commands (ARCOMs) in CONUS from 20 to 10; redesignate these headquarters as regional support commands (RSC); and align the new RSCs geographically with the 10 Standard Federal Regions. The ROA has taken no position on this reorganization. A resolution addressing the reorganization was discussed and tabled at our recent Mid-Winter Conference in January. The topic will be again discussed at our next scheduled, quarterly Executive Committee (EXCOM) Meeting 25, 26 March, 1995. We also expect that there may be another resolution offered at our National Convention this summer in Des Moines. If the resolution is adopted, we will forward it to the Committee.

We believe that there can be no further personnel or force structure reductions to our Army

Reserve components beyond FY99. Further reductions will severely degrade our country's ability to rapidly mobilize forces and defeat any potential enemy without the serious potential for unnecessary loss of life. Further force reductions will put this nation at too great a risk and will dramatically reduce our capability to quickly mobilize trained and ready forces to meet the contingency.

The Army must now capitalize on the Army Reserve's core competencies more than ever before since the Army Reserve is an essential player in any operation or contingency. The Army Reserve will continue to be a full partner in supporting the "Army in the Field" in its war fighting, peacekeeping and domestic support operations, and the "Institutional Army" in training, mobilization, reconstitution and other infrastructure functions.

The Army Reserve has also become an even greater participant in the day-to-day activities of America's Army. For a small portion of the Army's budget the Army Reserve makes major contributions to the force structure of the Total Army and the defense of our Nation. As examples, today's Army Reserve includes 100 percent of the enemy prisoner of war brigades and the Army's exercise and training divisions; 97 percent of the civil affairs units; 82 percent of the Army's medical brigades; 80 percent of the transportation groups; and 75 percent of the Army's chemical brigades. The Army Reserve also provides substantial contributions to Army missions and contingencies supporting operations other than war such as Somalia and Haiti. Most importantly these dedicated Army Reservists, while maintaining the visibility and tradition of the citizen-soldier, provide a cost-effective alternative to a large standing Army and are trained and ready to defend our nation at a minimal cost to the American taxpayer that is just 5 percent of the Army's total budget.

PRESIDENT'S BUDGET REQUEST - FY96

We are concerned that the President's austere \$59.6 billion defense budget request for the Army underfunds the Army by at least \$2 billion and is putting Army Reserve readiness and the defense of our nation at risk. The Army Reserve unlike the Active Army, has no investment accounts from which it can transfer resources to make up for shortfalls in its readiness and training accounts. The Army Reserve budget of RPA, OMAR, and MCAR is bare bones - there is no extra money. There is no procurement or R&D that can be delayed or postponed until the next year. Any resourcing shortfall today will affect readiness and training today and ultimately on the quality of life, the morale, and the retention of these highly motivated and patriotic citizen-soldiers. We strongly urge the Congress to provide at least \$626 million for the Army Reserve.

RESERVE PERSONNEL, ARMY (RPA)

FY96 will once again be a restructuring year for the Army Reserve as it downsizes from 242,000 personnel in FY95 to an programmed FY96 end strength of 230,000. We are concerned that the President's RPA budget request for \$2.1 billion is insufficient. The RPA budget request provides for the pay for Annual Training (AT) and Inactive Duty for Training (IDT) for the Fiscal Year 1996 Selected Reserve (SELRES) end strength; full funding of enlisted initial entry training; full funding of military occupational skill qualification (MOSQ) training for the contingency force pool (CFP), but less than 50% of the total requirement for troop program unit (TPU), individual mobilization augmentee (IMA), and individual ready Reserve (IRR) personnel; full funding of professional development education (PDE) for CFP unit officers and enlisted, but only 36% of the requirement for TPU, IMA, and IRR personnel; some of the recently authorized Reserve component transition benefits, and only some of the other vital needs for the SELRES and other Reserve personnel. Specifically, there are funding shortfalls in the school, mobilization and special training accounts necessary to pay for the support associated with the entire SELRES and the basic needs of the Individual Ready Reserve, and to fully fund entitlement and transition benefits for Army Reserve personnel.

The lack of funds in the RPA budget request will severely limit overseas deployment training

(ODT) support for the CINCs outside regularly scheduled AT; kill mobilization training and professional development training for the IRR (the IRR are required, like their TPU peers, to be educationally qualified to be eligible for promotion - without the required PDE, IRR soldiers will not be selected for promotion, and will not be retained, eventually eliminating mid-level and senior non-commissioned officers and officers from the IRR. Our greatest pool of pretrained individual manpower will be destroyed.); kill the IRR muster, and severely limit Drilling IMA Program. We estimate that the RPA request is under funded by at least \$300 million. We urge the Congress to add \$150 million to eliminate some of these unfunded requirements. President Clinton's \$25 billion defense supplemental does little to stop our eroding defense budget. It barely covers the tail for the pay increases over the life of the POM.

The Army Reserve force is in a constant state of turbulence. As the Army Reserve force structure is reduced, new soldiers must continually be recruited to replace those lost to retirement, completion of enlistment contract, or transfer to another component or service. The Army Reserve must counter the perception in the civilian community that the Services, because of their cutbacks, are no longer hiring.

Recruiting is slowing, forcing the services to lower recruiting standards - more non-high school graduates are being "hired." Competition from the civilian job market and from higher education is hurting recruiting. Surveys show that there is a declining propensity of today's youth to join the military.

As the Army Reserve reduces its end strength to a projected 230,000 in FY96 there is the belief that there will be a surplus of trained soldiers available to fill positions caused by the turbulence mentioned earlier. However, this is not always the case - modernization of equipment and geography play major roles in the assignment of RC soldiers.

Modernization of equipment in the Army's inventory and the advances in technology it brings to our military require the Army Reserve to teach soldiers new skills. Soldiers' skills become dated causing those soldiers not to be qualified to operate or repair equipment in units where vacancies exist. Even if their skills are current, our soldiers may not reside in the geographic area where the vacancy is available or the costs and time associated with the required travel may be too great to make a transfer to a new unit feasible. It is important to remember that the RC is composed of citizen-soldiers. Civilians who have decided to be citizens first and - because of their desire to still serve our nation - soldiers second. Most live where the civilian job market draws them, not where a position in the RC exists.

Inherent in this on going recruiting and personnel management process is the need to provide dollar resources for advertising, incentives, and for training and maintaining recruiting and retention personnel. The limited funding the Reserve does receive must be managed carefully to maximize troop morale and readiness. Soldiers who are forced to depart as a result of reductions in Army Reserve end strength must be taken care of. Accordingly, it is essential that the congressionally mandated transition benefit program be fully resourced.

OPERATION AND MAINTENANCE, ARMY RESERVE (OMAR)

The DoD budget request for the Army Reserve Operation and Maintenance (OMAR) account for FY96 is \$1.1 billion a drop of \$175 million from the FY95 appropriation. It fails to fully fund the necessary OMAR support tail for the FY96 SELRES and military technician (MILTECH) end strength. We estimate that there is at least a \$500 million shortfall in the FY96 OMAR budget request that will force the Army Reserve to compensate by further reducing equipment and facility maintenance, operational tempo (OPTEMPO) and supply purchases. Backlogs for maintenance and repair service will continue to grow, and necessary support to essential training will continue to deteriorate, resulting in decreased readiness. We urge the Congress to add a minimum of \$300 million in OMAR funds to reduce this projected backlog. Allowing the backlog to grow will degrade readiness, training, soldiers morale, and retention.

The FY96 request minimally funds facility maintenance, equipment maintenance, operating

tempo (fuel and repair parts), and supply purchases. The **OMAR budget request funds** depot maintenance at less than 50 percent of the requirement, and a civilian end strength of 10,590, including only 6,406 military technicians (MILTECHs).

The **OMAR request fails** to fund required levels of depot maintenance, reduce BMAR, or fully fund OPTEMPO requirements, and fund the Army Reserve Personnel Center (ARPERCEN) at adequate levels to prevent large backlogs.

The **FY96 budget request will force the Army Reserve** to continue to make very hard choices in training and structuring its forces as a part of America's Army. The Army Reserve's top priority is readiness. The pillars of Army Reserve readiness are full-time support, training, and equipment. Since there are no investment accounts from which the Army reserve may transfer funds, each must be fully funded to ensure required readiness.

FULL-TIME SUPPORT (FTS)

Full-time support is a force multiplier that allows drilling Army Reservists the opportunity to take full advantage of their limited training time. It is a key factor to Army Reserve unit readiness. Currently, the Army Reserve FTS Program level is less than 9 percent of the Active Reserve strength, keeping the Army Reserve the least resourced of all Reserve components. While the personnel strengths within the FTS program, at a minimum, should be straight-lined to increase the percentage of this readiness multiplier, DoD has determined that the Army Reserve FTS program should be reduced.

The Army Reserve's FY96 RPA and OMAR budget request will decrease the FTS program by 390 Active Guard and Reserve (AGR) soldiers and 595 MILTECHs. The MILTECH reduction includes a cut of 400 personnel required by the DoD to meet DoD's civilian manpower reduction bill. OSD continues to propose additional reductions to the Guard and Reserve military technician programs in addition to the cuts the MILTECHs have already experienced under DoD's quest to reduce our military to the strengths directed by the Bottom-Up Review. This time DoD is attacking the MILTECHs' status as a civilian employee of DoD.

FTS is a key factor in Army Reserve unit readiness. This full-time force of MILTECHs, AGR and Active component soldiers is missioned to administer, manage, plan, recruit, and maintain equipment for Army Reserve units allowing drilling Reservists to spend the maximum amount of their limited drill time actually training. This FTS force also performs a vital training mission - training drilling Reservists on the newest equipment and the latest Army doctrine, and offers the most flexibility in improving and maintaining unit readiness.

In recent years, the Army Reserve has been given many additional early deployment and mobilization missions, primarily in its core competency of combat service support. These additional responsibilities come while FTS authorizations and budgets are being reduced. During this period of Army Reserve downsizing from 1990 through 1995, FTS is being reduced by over 5,000 personnel - a 17.5 percent reduction in 6 years.

Today there are over 34,000 recognized requirements in the four categories of Army Reserve FTS: the AGRs, the MILTECHs, the Active component, and DA civilians. For FY95 the Army Reserve is authorized to fill less than 62 percent of its requirements - only 21,289 positions. The Army Reserve is apparently expected to maintain high levels of readiness without the required FTS.

We urge Congress should stop any further reductions in the levels of Army Reserve FTS. We support the Assistant Secretary of Defense (Reserve Affairs) and believe with her that the FTS level of the Army Reserve should be 12 percent to bring it to parity with the other Reserve components that have historically had higher levels of readiness. We believe the Army Reserve FTS program should receive no further cuts, allowing the FTS percentage to grow to 12 percent. (Keeping the FTS numbers constant while the SELRES is reduced will increase the percentage of FTS.)

EQUIPMENT

DoD estimates that the Army Reserve has approximately 80 percent of the equipment it needs to go to war. The Army Reserve, as late as September 1994, estimated that it had less than 70 percent of its required equipment-on-hand (EOH) representing a shortfall of almost \$2 billion. The DoD estimate includes substituted equipment. Some of which is not interoperable with newer generation equipment now in the Active Army inventory. Some officials within DoD still believe that the downsizing of the Active Army will free up large quantities, of surplus equipment that, through redistribution, will solve all the Army Reserve's equipment shortages. Unfortunately, foreign military sales, the scrap pile, Desert Storm, and the fact that needed CSS equipment never existed in the Army's inventory in the first place, makes this solution a myth - and a contributor to a potential hollow force. Since 1981 the Army Reserve has received, through the oversight of Congress, over \$1.1 billion in dedicated procurement funding in the National Guard and Reserve Equipment Appropriation (NG&RE). Without this congressional support the Army Reserve would still be struggling below 60 percent equipment-on-hand (EOH) and would be a much less ready force. The NGRE works!

The Army Reserve, because of substituted equipment, has continuing equipment compatibility problems that degrade its CS and CSS capability. Problems include: 1960's vintage gas-powered generators and tactical vehicles in support of high-mobility combat units equipped with diesel or multi-fuel equipment; and 1960's technology, nonsecure, tactical ground communications systems in units that need interoperable, secure links to joint air, land and sea operations. The Army Reserve CS and CSS capability is degraded in numerous ways: the Reserve supporting unit is not interoperable with the supported units; significant burdens are placed on the logistics systems to deliver and stock multiple ammunition, repair parts, and fuel supplies; and the mix of gasoline-and-diesel powered old and new equipment severely restricts mobility, refueling, and maintenance. Unfortunately, any combat multiplier achieved by modernizing combat equipment is degraded by the increased requirements of sustaining multiple models of old and new equipment within the force.

The lack of modern test, measurement and diagnostic equipment (TMDE) in Army Reserve CSS units, particularly maintenance companies tasked to support Active component combat units equipped with modern equipment, remains one of the Reserve's most critical equipping, training, and support problems. Without the required diagnostic tools designed to support modern combat systems, Army Reserve maintenance companies are unable to train on the equipment on which they are expected to be proficient when they are mobilized.

Another extremely critical equipment shortage issue is communication equipment. There are Army Reserve units still equipped with older radios that are unable to communicate effectively with the newer frequency-hopping, single channel ground and airborne radio system (SINCGARS) family of radios. Secure communication is impossible for units with the older radios. In the rapidly moving battlefield environment of today - Desert Storm as a recent example - communications are critical to success of the operation and to the identification and safety of the troops on the ground.

With over 500 Army Reserve units in the CFP, any communication, tactical wheeled vehicle or TMDE equipment incompatibility between Army Reserve CFP units and the units they support, degrades the Army Reserve's ability to support the combat force. Additionally, this mix of incompatible equipment places extreme pressure on the logistics system because of the increased requirements for stockage and distribution of multiple fuels and repair parts.

Army Reserve equipment is modernized through three basic programs: Army procurement, the Dedicated Procurement Program (DPP) of the National Guard and Reserve Equipment Appropriation (NGREA), and redistribution. Redistribution or the cascade of equipment from downsizing Active component units is the least effective of the modernization programs for the Army Reserve. The expected, large "cascade" of equipment from the Active component downsizing has not materialized, but is, nevertheless, the Army's get-well plan for the Army Reserve. Most of the inactivated Active units were combat units, not CS or CSS units that would have had the equipment needed by the Army Reserve. Unfortunately, Abrams tanks do not substitute very well for test and diagnostic equipment required by Reserve maintenance units.

The greatest relief to Army Reserve equipment shortages is the Dedicated Procurement Program

(DPP). Because of the interest of Congress and the success this program has had in increasing the level of EOH in the Army Reserve, the readiness of the Army Reserve has increased considerably over the past decade. We urge the Congress to continue the NGREA and to fund the Army Reserve Dedicated Procurement Program.

**DEDICATED PROCUREMENT PROGRAM REQUEST
FOR US ARMY RESERVE**
(in millions of dollars)

EQUIPMENT FY96 REQUEST

TACTICAL VEHICLES	\$301.7M
Examples: HET TRACTOR, HEMITT WRECKER, TRK CARGO 2.5 T ESP, M871A2 HET TRAILER	
COMMUNICATIONS/ELECTRICAL EQUIPMENT	\$ 26.5M
Examples: DIRECT SPT ELECT SYS TEST SET NIGHT VISION GOGGLES	
STRUCTURE/SUSTAINMENT	\$ 96.4M
Examples: PALLET LOAD SYSTEM, TRACTOR M916A1 SHOP VAN, TOOL SETS	
MISCELLANEOUS EQUIPMENT	\$108.8M
Examples: MACHINE GUN GRENADE, M16A2 WELDING SHOP, STEAM CLEANER SHOP SHELTER, FLD SANITATION CTR GENERATORS, PWR UNITS, SMALL ARMS SIMULATOR, 5K GAL TANKER	
CHEMICAL	\$ 16.6M
Examples: DECON SYS, SMOKE GEN, CHEM MONITOR, PROTECTIVE MASKS	
COMMUNICATION EQUIPMENT/SINCGARS	\$ 3.6M
Examples: SINCGARS FAMILY OF RADIOS	
NATION BUILDING/DOMESTIC ACTION	\$134.3M
Examples: ENGINEER EQUIPMENT	
AVIATION/WATERCRAFT	\$108.0M
Examples: C-12, PUSH TUG, FLOATING CRANE, CAUSEWAY SYSTEM	
SPECIAL EQUIPMENT	\$ 5.4M
Examples: TANK ASSEM FABRIC TANK LIQ DISP, TRL MTD	
MEDICAL	\$ 10.7M
Examples: MONITOR, EKG OPERATING TABLE, FLD	
TOTAL	\$812.0M

DOMESTIC ACTION

One of the unique features of the Army Reserve is that while it is part of America's Army and the Nation's defense force, it is also an integral part of the communities in this country, a community-based federal reserve. The Army Reserve is particularly well suited and situated to help address the ever growing demands of our domestic needs. The capabilities inherent in the Army Reserve lend themselves to assisting local communities in a variety of ways. Army Reserve capabilities can be used to serve the dual purpose of military mission training and local assistance and should be available to the governors when they have exhausted their states' national guard assets.

CONCLUSION

The readiness of the Army Reserve depends equally upon adequate funding of the Reserve personnel, full-time support personnel, the operation and maintenance accounts, and the availability, modernization, and interoperability of equipment. ROA urges the Congress to provide adequate funding to man, train, support, and equip the dedicated professionals of the Army Reserve. Our citizen-soldiers continue to be - far and away - the best bargain in DOD.

AIR FORCE RESERVE

The Air Force Reserve has seen another year of very high operations tempo that has again taken its aircrews and support personnel to the ends of the earth. As the Active component is drawn down, and while world-wide commitments in nation-building, peace-keeping and humanitarian missions continue to rise, a larger share of the Air Force's daily burden falls on the Air Force Reserve.

Just as in the previous 5 years, Reservists are found on a daily basis pulling temporary duty rotations in Central America, Eastern Europe, Southwest Asia and the Pacific Rim. This forward presence demonstration is indistinguishable from that of any Active component unit. During a Senate Armed Services Committee hearing on Thursday, March 2, 1995, during which Secretary of the Air Force, Sheila Widnall and Air Force Chief of Staff, General Ronald Fogleman testified, Senator Warner said, "I would like to open up with just a comment to praise the Department of the Air Force, because of its remarkable record in utilizing the Reserve and Guard as a - I view it as a full partner to the Active forces...I am wondering how, today, apparently your department has been able to manage the pressures which are still on the young officers and airmen from family obligations and work obligations, but somehow you are making it work extraordinarily well." Secretary Widnall answered that the Air Force is the beneficiary of an extremely high level of volunteerism. General Fogleman suggested that three things contributed to this success: 1) first-line equipment, 2) flexibility in tour/deployment length and 3) advance planning and scheduling.

Secretary Widnall and General Fogleman are both right, as far as they go. There is an overwhelming tendency among Reservists to volunteer for any mission they deem is in the best interests of the nation. Thanks to the Congress of the United States, the Air Reserve Component is equipped with first-line equipment. The CINCs do allow flexibility in unit rotation, because they know the incoming unit is already trained. And we do plan deployments as far ahead as possible to provide time for family and employer conflict work-arounds. But the key to all of these management tools is the manager. In the case of the Air Force Reserve we have Reservists managing Reservists. It is the Air Reserve Technician (ART), a civil servant, who must also be a military member of the unit he serves as a civilian, who is the linchpin in running our units on a daily basis. It is the ART who, like the off-base Reservists he trains, has both civilian and military jobs. It is he who understands the family and job pressures under which his Reservists operate, who can sympathize with a particular predicament, and whose job it is to launch the mission, no matter how many personnel problems are encountered.

It is also he who is now in jeopardy of lowering the readiness level of his unit by being caught in DOD's "fair-share" civilian work-force cut. Because approximately 15% of a unit's military manpower is also ART, depending on the type of unit, any DOD civilian manpower cut will have a severe impact on our units' readiness. The ARTs are the administrators, schedulers, trainers, instructors, and flight examiners who keep the unit combat ready. Were Air Force Reserve's 10,000 ARTs to suffer a 20% cut, it

would most certainly cause several units to be closed, as the minimum number of personnel required to run a unit is manipulated throughout the system. Oddly, this fact is not recognized within DOD, as is made clear in Deputy Secretary of Defense John Deutch's February 7, 1995 letter to Congressman Sonny Montgomery, the subject of which is DOD's decision to include the military technician force in its reduction of civilian workers: "Readiness is the first priority of our reduction strategy. It would not be prudent to prematurely exempt additional work force elements or functions from cuts until their reductions can be linked to unacceptable readiness impacts." (emphasis added).

With the additional workload Air Force Reserve is picking up as missions multiply and Active component resources continue their downward spiral, it would seem to be "premature" to knowingly embrace lower readiness levels in the Reserve component. This segment of the civilian workforce historically has been protected from administrative cuts for the reasons cited. The Fiscal Year 1995 Appropriations Conference Report, September 26, 1994 contains the following language:

"The conferees have included a new provision (Section 8118) which prohibits funds to be used to reduce military (civilian) technicians of the Reserve components for the purpose of applying any administratively imposed civilian personnel ceiling, freeze or reduction on military (civilian) technicians, unless such reductions are a direct result of a reduction in military force structure.

"The conferees are concerned that the phased reductions planned for civilian technicians will have a significant impact on the full-time support program of the Reserve components and on the readiness of Reserve units."

The logic trail and concerns have not changed. This is a readiness issue - not manpower.

Coincident with the issue of military technicians are those of separating strength ceiling accountability of Active component general and flag officers from Reserve component general and flag officers, and raising the grade of the Chief of Air Force Reserve from O-8 to O-9. Ample justification for both actions exists. Currently, there is no authorization to exclude Reserve component general and flag officers from Active component grade ceilings. Sections 525, 264, 265 and 672(d) and 3210 of Title 10, U.S. Code allow Reserve general officers to be called to active duty by the service Secretaries. Due to the drawdown of Active forces, the Active components are going to be more reluctant to provide their own authorized flag and general officer positions for use by the Reserve components.

Amending current legislation decoupling Reserve component general and flag officers from Active component grade ceilings would benefit the Regular components by immediately permitting them to utilize Active general officer authorizations and eliminate motives (by Active component leaders) opposing establishment of additional Reserve component general officer active duty positions, if needed.

Authorizing the grade of lieutenant general for the Chief/Commander of Air Force Reserve is necessary to keep pace with the expanding responsibilities of the office. The scope of the position of Chief of Air Force Reserve has greatly expanded over the 28 years since it was statutorily created. Personnel assigned to the Selected Reserve have increased by 55 percent (51,000 - 79,000), and the Reserve has become fully integrated into Active component requirements in accordance with the Total Force Policy. As of September 30, 1993, Air Force Reserve had more people assigned than all but one of the Air Force's eight major commands - only the Air Combat Command was larger. The continuing drawdown of the Active component will strengthen this trend and increase reliance on the Reserve to support national policy objectives.

Another area that must be watched closely in order to avoid hollowing the force is equipment modernization. Last year Congress appropriated \$25M for Air Force Reserve miscellaneous equipment. This support in the past has provided us with aircraft and upgrades that have enhanced our ability to fly anywhere in the world on a moment's notice. Modern equipment directly effects readiness. Air Force Reserve must continue to modernize at the same rate as the active component. Unfunded equipment requirements are:

AIRCRAFT

C-130 Tactical Aircraft	\$320.0M
MISCELLANEOUS EQUIPMENT	
F-16 Upgrades	
Color Multi-Function Displays	6.12M
A-10 Upgrades	
Integrated EW System	3.48M
Digital Terrain System	6.8M
8mm Color Camera	.45M
KC-135 Upgrades	
Engine Kits (2)	52.0M
Aux Power Units	7.8M
Color Radar	7.8
C-130 Upgrades	
Radar Warning Receivers	2.0M
Integrated EW System	9.0M
B-52 Upgrades	
Internal Combat Stores Managing System	9.0M
H-60 Upgrades	
Marine Radio	.115M
Integrated EW Suite	3.5M
Tactical Litter Assy	1.09M
Simulators/Training Devices	
A-10 Unit Level Tng Device	3.0M
KC-135 Simulator Mod	1.0M
C-130 Unit Level Tng Device	4.2M
C-141 Unit Level Tng Device	8.0M
C-5 Simulator Facility	27.0M
Combat Arms Tng Simulators	5.7M
Flight Line Enhancements	1.8M
Communications Equipment	33.4M
ECM Test Equipment	1.16M
TOTAL	\$514.415M

Issues that do not loom as large as those already mentioned, but are still very important for force sustainment follow. Enabling legislation should:

- Allow the Chief of Air Force Reserve to determine and fill up to 700 full-time support personnel requirements (Reserve officers serving on active duty under Section 265)
- Restore the tax-deductibility of nonreimbursable expenses (meals, travel, lodging, etc.) related to the military duty of Reservists
- Express the sense of Congress that the military leave provisions currently in effect for Reservists who are civil servants should not be changed
- Express the sense of Congress that all across-the-board payment of cost of living adjustments (COLAs) should be equitable for all earned federal programs, including civilian and military retirees
- Establish a low-cost dental care plan for members of the Selective Reserve and their families.

At the end of the day, it is our people who define the level to which the Air Force Reserve has evolved. Though part-time military, our men and women regularly travel throughout the world on Air Force business. Sometimes commuting hundreds of miles to participate, our people demonstrate a selfless desire to serve. Drilling a minimum of 40 days per year and up to an average of 110 days for aircrew, we have recently expected these Reservists to undergo, simultaneously, a serious increase in operations tempo and the tumult of downsizing, base closures, realignments and mission changes - all

without missing a step. They do it with style, regularly. It is incumbent on us to provide them quality of life measures such dedication deserves.

NAVAL RESERVE

The FY96 budget request includes the first indication of a significant moderation of the sharp decline in the force structure and personnel assigned to the Naval Reserve that has been the case for the past several years. However, this is the first time since the end of the 1970's that the budget request calls for a Naval Reserve of less than 100,000 personnel.

The Administration proposes an end strength of 98,608 Navy Selected Reservists including 17,490 Full-Time Support (FTS) personnel and an end strength of 198 in a restored but dramatically reduced non-prior service enlisted accession program--Sea/Air Mariners--for FY96. If the request is approved, there will only be 80,920 drilling Reservists in the Naval Reserve--another new post-World War II low.

The Reserve Officers Association was somewhat optimistic that the Navy would adopt a significant number of the options from the report of the Navy roles and missions study that was completed on the direction of and submitted to Congress last year by the Assistant Secretary of Defense (Reserve Affairs)--"The Future Naval Reserve: Roles & Missions, Size & Shape."

This study revalidated the finding from the Bottom-Up Review (BUR) that, with the current force and mission mix of Navy Active and Reserve Forces, a Selected Reserve of between 96,000 and 100,000 personnel would be required to meet the requirements of two nearly simultaneous major regional contingencies (MRCs). This study effort also concluded that as many as 5,000 to 10,000 additional Selected Reserve personnel would be required "depending on action emanating from this study."

Although there has not yet been a formal report to Congress on the status of the options developed by this study effort, indications are that four have been adopted, three rejected, and the remaining seven remain "under study." Naval Reserve personnel needed for the options that have been adopted have been absorbed from within the programmed strength of the Naval Reserve and have not increased the planned end strength as anticipated in the report.

The Navy has also made force mix changes that have placed increased reliance on the Naval Reserve separate from the deliberations of the OSD study. The transfer of LSTs to the Naval Reserve and the new role as an Operational Reserve Carrier for USS Kennedy, both in FY95, are two significant examples. The Selected Reserve personnel (including Full Time Support personnel) required for these increases in force structure were also absorbed from within the 96-100,000 Selected Reserve requirements validated by the BUR process and revalidated by the OSD study.

Congress should also note that Active force personnel reductions are phased through the program years, but the Navy plans the Navy announced last year called for all Naval Reserve reductions to take place by the end of FY96.

This acceleration of the draw-down of Reserve personnel relative to Active force reductions is a major inhibitor to any effort to attract "the best and the brightest" of those separated from active duty into the Naval Reserve. The ability to affiliate with the Naval Reserve will continue to severely limited by the simple fact that the Naval Reserve is losing personnel strength at a considerably greater rate than the Active force. Even if the Navy's Active force personnel reductions continue and Naval Reserve personnel strength stabilizes beyond FY96, there will be only limited opportunity for personnel recently released from active duty to join the much smaller Naval Reserve.

Last year, ROA expressed serious doubt that Naval Reserve personnel reductions will, in fact, stop at the end of FY96 while decreases in Active force personnel continue for 3 more years and noted that if this concern comes to fruition, the Total Force Navy of the future will have an even smaller reliance on its Reserve. The Navy's published highlights of its "FY 1996/FY 1997 Biennial Budget" documents the Navy's intent to continue the decline of the Naval Reserve beyond FY96 with an additional reduction of 2,206 planned for FY97.

NAVY MILITARY PERSONNEL

	FY94	FY95	FY96	FY97
ACTIVE FORCE	468,662	439,200	428,000	409,400
SELECTED RESERVE	<u>107,627</u>	<u>100,710</u>	<u>98,608</u>	<u>96,402</u>
TOTAL	576,289	539,910	526,608	505,802

The additional missions already assigned to the Naval Reserve provide a valid indicator that the Naval Reserve should not drop below 100,000 personnel. The adoption of any of the options from the OSD study would raise the Navy Selected Reserve requirement level even higher.

ROA RECOMMENDS THAT THE NAVAL RESERVE BE AUTHORIZED AND FUNDED FOR AN END STRENGTH OF 100,700 SELECTED RESERVE PERSONNEL (INCLUDING 17,510 FULL TIME SUPPORT PERSONNEL) FOR FY96 (THE SAME LEVEL AS FY95) AND THAT THE NAVY BE DIRECTED TO REPORT THE STATUS OF IMPLEMENTATION OF ALL 14 OPTIONS FROM THE OSD NAVY ROLES AND MISSIONS STUDY REPORT INCLUDING DETAILED JUSTIFICATION FOR REJECTION OF ANY IDENTIFIED OPTION TO THE PLANNED NAVY FORCE MIX.

FORCE STRUCTURE CHANGES

During FY95, three mine warfare ships were added to the Naval Reserve Force and a significant part of the Naval Air Reserve; including Carrier Air Wing 30 and nine tactical aircraft squadrons, both Reserve mine countermeasures (AMCM) squadrons, and two transport squadrons have been deleted from the Naval Reserve.

These unit eliminations occurred at the very beginning of FY95, 1 October 1994. This accelerated timetable provided very little opportunity for Congress to review these proposals and they became a fait accompli even before Congress completed action on the FY95 DoD budget request since squadron deactivations started in June of 1994.

Both the Naval Reserve airborne mine countermeasures squadrons (HM-18 and HM-19) were inactivated in FY95 and their new MH-53E aircraft and many of their Selected Reserve personnel were integrated into two Active force squadrons. Initial reports indicate that these integrations are proceeding very well. However, ROA remains concerned over the long range negative impact on individual and unit retention, and attendant loss of readiness, that may occur with the loss of unit identity and meaningful leadership roles for senior Reserve personnel. The impact of the planned relocation of both these squadrons to the demographically deficient Ingleside, TX, on the retention and recruiting of critical Reserve personnel is also a major concern.

FY96 CHANGES

Changes proposed for FY96 include the inactivation of an additional maritime patrol (VP) squadron, four FFG-7 class frigates, and two Naval Reserve fleet hospitals. The planned additions include two MCMs and two MHCs plus the stand-up of a VAW squadron and a significant expansion of a Naval Reserve adversary squadron.

HOLLOW FORCE ?

The proposed budget reduces the Navy's maritime patrol squadrons to 10 in the Active force and 8 in the Naval Reserve. The loss of an additional Reserve VP squadron is particularly alarming considering the high level of readiness of these squadrons and the growing dependence on Naval Reserve P-3 aircraft by the fleet CINCs.

The Navy plans to continue decreasing the number of SH-2G aircraft assigned to the two

remaining Naval Reserve HSL squadrons in spite of a significant shortfall of ASW helicopters that was heightened by the decision to retain seven much needed frigates in the Active Force that were previously slated for deactivation.

The Navy is also in the final phases of a decision to place the new Magic Lantern laser mine-hunting capability on Naval Reserve SH-2G helicopters. The planned SH-2G force size is not sufficient to accommodate this new mission and also does not permit the Naval Reserve to assist the Navy to meet its overall shortage of ASW helicopters. The Navy should be provided the required resources (Reserve personnel and operating funds) and directed to retain these nearly new SH-2G aircraft in the Naval Reserve.

ROA RECOMMENDS THAT THE VP FORCE LEVEL REMAIN AT 9 SQUADRONS IN THE NAVAL RESERVE AND THAT THE SH-2G AIRCRAFT ASSIGNED TO EACH HSL SQUADRON BE INCREASED TO ACCOMMODATE THE ANTICIPATED MAGIC LANTERN MISSION AND TO HELP THE NAVY MEET ITS CURRENT DEFICIENCY IN ASW HELICOPTERS.

BRAC ACTIONS

The actions of the Base Realignment and Closure (BRAC) process has had a major negative impact on the Naval Reserve. The BRAC 93 process identified more than 50 Naval and Marine Corps Reserve installations for closure or consolidation. The unique aspects of Reserve personnel demographics were not considered by the Navy during the BRAC 93 process, nor were the efficiencies of collocation of units of more than one component (Active or Reserve) that existed at many of these installations.

As the direct result of BRAC 93 actions, the Naval Air Reserve will relocate or disestablish almost 50 percent of its squadrons with the attendant negative impact on readiness. This situation has been compounded by the facts that savings were over estimated, costs were under estimated, and a significant part of the already insufficient FY94 funds were reallocated for earthquake relief.

The Navy recommendations for BRAC95 include the closure of one Naval Air Reserve station (NAS, South Weymouth again), nine more Naval Reserve centers (including one Naval Air Reserve Center), and two additional readiness command headquarters, see the following table.

NAVAL RESERVE CLOSURES—BRAC95

NAS SOUTH WEYMOUTH, MA
 NRC STOCKTON, CA
 NRC POMONA, CA
 NRC SANTA ANA, CA
 NRC LAREDO, TX
 NRC SHEBOYGAN, WI
 NRC CADILLAC, MI
 NRC STATEN ISLAND, NY
 NRC HUNTSVILLE, AL
 NARC OLATHE, KA
 NRRC REGION 10, NEW ORLEANS, LA
 NRRC REGION 7, CHARLESTON, SC

The "requirement" to save funds and manpower associated with Naval Reserve infrastructure has again been the driving force for these decisions. The critical role of Reserve demographics and the importance of maintaining a Navy link with as many civilian communities as possible appears to have received little or no weight when developing these recommendations. Unfortunately, the BRAC process itself makes it highly improbable that any of the relatively small Naval Reserve centers will

be retained and that a major effort will be required by affected individuals and communities to retain even a facility as large as NAS, South Weymouth.

ROA RECOMMENDS THAT THE BASE REALIGNMENT AND CLOSURE COMMISSION CONSIDER CAREFULLY THE RECOMMENDED CLOSURES OF NAVAL RESERVE FACILITIES, THAT A CONTINUING NAVY PRESENCE IN THE AFFECTED COMMUNITIES BE GIVEN WEIGHT IN ITS DELIBERATIONS, AND THAT RESERVE PERSONNEL DEMOGRAPHICS BE THE MAJOR CONSIDERATION FOR ACCEPTANCE OR REJECTION OF THE NAVY'S PROPOSALS.

EQUIPMENT MODERNIZATION

ROA continues to advocate assignment of modern fleet-compatible equipment to the Naval Reserve. Much of the progress made in improving the readiness and capability of Naval Reserve units has been the direct result of congressional action to designate new equipment for the Naval Reserve in the National Guard and Reserve Equipment (NG&RE) appropriation. As is noted in the Department of Defense FY96 National Guard and Reserve Equipment Report, "the RC [Reserve components] are not fully equipped to meet the equipment readiness of the national defense strategy."

ROA has identified unfunded Naval Reserve equipment requirements for FY96 of approximately a billion dollars for consideration by Congress. They are outlined in the list below. This list is predicated on the assumption that the equipment procurement planned by the Naval Reserve from funds provided by Congress in the FY95 NG&RE appropriation will not be subject to rescission as part of the FY95 DoD supplemental appropriation currently under consideration. Additional details have been provided to the appropriate staff members.

ROA RECOMMENDATIONS FOR FY96 NG&RE Naval Reserve (\$=Millions)

F/A-18 Upgrades (12)	\$ 96.0
ALQ-126B DECM Equipment	\$ 25.0
MIUW TSQ-108(V)3	\$ 15.0
C-9 Replacement Aircraft (4)	\$140.0
C-9 Avionics/Airframe Upgrades	\$ 67.0
MIUW SQQ-T1 Trainer	\$ 12.0
F/A-18C Aircraft (6)	\$222.0
P-3C Update III/AIP Kits	\$155.0
MIUW and EOD Civil Engineering Support Equip.(CESE)	\$ 8.5
F-14 Upgrade Package	\$ 67.0
Expeditionary Logistics Support Forces (ELSF) CESE	\$ 25.0
F/A-18 FLIR Pods	\$ 64.0
Mine Search Unit (MSU) and Inshore Boat Unit (IBU) Equip.	\$ 12.0
HH-60H In-flight Refueling Mods	\$ 15.2
Portable Communications Equipment	\$ 33.3
Reserve Navy Construction Force (RNCF) CESE	\$ 19.6
RNCF CBR-D Equipment	\$ 9.9
C-9 Engine Upgrades	\$ 45.0
Miscellaneous Equipment	\$ 39.7
Total Naval Reserve equipment for consideration in FY96 NG&RE	\$1,071.2
ROA RECOMMENDS THAT CONGRESS PROVIDE AS MUCH OF THE EQUIPMENT AS IS	

FEASIBLE FROM THE FOREGOING LIST OF UNFUNDED REQUIREMENTS.

MARINE CORPS RESERVE

The Administration's budget proposes 42,000 Selected Marine Corps Reserve (SMCR) personnel for Fiscal Year 1996. This request is consistent with the views of Congress to maintain a Marine Total Force of 174,000 Active Force and 42,000 Reserve personnel. It is also consistent with the Bottom-Up Review decision to maintain this force mix until the end of FY99.

MARINE CORPS MILITARY PERSONNEL

	FY94	FY95	FY96	FY97
ACTIVE FORCE	174,158	174,000	174,000	174,000
SELECTED RESERVE	<u>40,711</u>	<u>41,000</u>	<u>42,000</u>	<u>42,000</u>
TOTAL	214,869	215,000	216,000	216,000

This new force mix is in sharp contrast to the Marine Corps portion of the Base Force plan, a projected mix of 159,100 Active force and 34,900 Reserve personnel, and also reflects a significantly different philosophy from the force mix planned for the Navy.

Although the shift to more dependence on the Reserve is relatively slight over this decade, the previous Base Force plan would have not only have made a much greater reduction in the Marine Total Force, it would have eliminated one of the two historic roles of the Marine Corps Reserve, augmenting the Active force, by relegating the SMCR to being a sustainment force only. The Bottom-Up Review reversed this change in philosophy.

NEW AR PROGRAM

The Marine Corps has implemented a new Active Reserve (AR) program for Reservists on full-time active duty in support of the Marine Corps Reserve. The adoption of this new career program for Reservists should go a long way in addressing the critics of the former full-time support (FTS) program while, at the same time, creating a much needed cadre of professionals to ensure that the technical training and administrative requirements of the Selected Marine Corps Reserve are met in an efficient and effective manner.

The current AR structure consists of 2,559 validated military personnel spaces, 274 more than the authorized full-time support personnel for FY95. An additional 816 personnel (3,375 total) are needed to adequately support a Marine Corps Selected Reserve of 42,000. Most of these additional personnel are needed to replace Active component personnel who have supported the Marine Corps Reserve in the past, but whose billets have been eliminated during the recent drawdown of the Marine Corps.

The Marine Corps is attempting to phase in the needed additions to the AR program by the end of FY98. ROA strongly endorses this program and recommends that Congress increase the full-time support personnel end strength for FY96 by 274 to meet at least all the documented shortages from the current AR personnel authorizations (a total of 2,650) and provide the \$7.3 million additional funds needed in the Reserve Personnel, Marine Corps, appropriation.

ROA RECOMMENDS THAT THE MARINE CORPS RESERVE BE AUTHORIZED AND FUNDED AND END STRENGTH OF 42,274 SELECTED RESERVISTS, INCLUDING 2,559 FULL TIME SUPPORT PERSONNEL, FOR FY96.

EQUIPMENT MODERNIZATION

Modern equipment is critical to the readiness and capability of the Marine Corps Reserve. Although the Marine Corps attempts to implement fully the single Acquisition Objective (AO) philosophy throughout the Marine Corps Total Force (Active and Reserve), there are significant unfilled Reserve equipment requirements that have not been met because of funding shortfalls. For example, last year's National Guard and Reserve Equipment Report to Congress documented a more than \$130 million shortfall in training equipment plus major equipment shortages including 48 M1A1 tanks; several types of modern aircraft; medical equipment; ADP equipment; nuclear, biological and chemical (NBC) equipment, and a variety of initial issue items.

Since the issuance of this report, Congress has initiated action to provide the Marine Corps, including Marine Force Reserve, the required M1A1 tanks; however, completion of this program is dependent on the Army receiving an additional \$108 million in FY96 for the upgrade of an additional 24 M1A1 tanks to M1A2 standards. ROA strongly supports this modernization program for both the Army and the Marine Corps Reserve.

The following table outlines more than \$300 million in equipment requirements for the Marine Corps Reserve that are candidates for funding in the National Guard and Reserve Equipment appropriation in FY96. As in the case of the Naval Reserve, the total unfunded equipment requirement for the Marine Corps Reserve is considerably greater than the summary list provided, and the list below assumes that the NG&RE appropriation for FY95 will not be subject to substantial rescission as a bill payer for the FY95 supplemental. Details of these recommendations have also been provided to cognizant staff members.

**ROA RECOMMENDATIONS FOR FY96 NG&RE
MARINE CORPS RESERVE
(\$=Millions)**

CH-53E Helicopters (3)	\$ 90.0
T-39 Replacement Aircraft (2)	\$ 18.0
F/A-18D Aircraft (4)	\$152
Combat Vehicle Appended Trainer (5)	\$.4
Digital Command and Control Network Equipment	\$ 8.7
Communications Company Equipment	\$ 5.0
NAVFLIR Upgrades for UH-1N (6)	\$ 5.1
DECM Equipment (AN/ALQ-126B) (2)	\$ 2.0
Miscellaneous Equipment:	\$ 46.6
 Total Marine Corps Reserve Equipment for consideration in FY96 NG&RE	 \$327.8

BRAC IMPACT

The concern over the Base Realignment and Closure process that was outlined in the section on the Naval Reserve is also applicable to the Marine Corps Reserve. This component is also adversely impacted by the failure to consider Reserve demographics and is particularly affected by the failure to fully consider the requirements of tenant activities during the analysis phase of the decision process. The Marine Corps Reserve is often only a tenant activity aboard another service's installation.

The Marine Corps Reserve has provided an all too vivid example of the impact of unit relocations on unit and individual readiness. The personnel turbulence resulting from closures and realignments generated by BRAC93 is still being felt within the force and is expected to continue for at least another year.

Therefore, the recommendations regarding the BRAC process that are at the end of the Navy section of this statement are also germane to the Marine Corps Reserve.

COAST GUARD RESERVE

SELECTED RESERVE STRENGTH

ROA is pleased to note that this year's budget request includes maintaining the Coast Guard Selected Reserve end strength at the 8,000 level that was approved by Congress for FY95. The continued erosion of this key part of the Coast Guard's Total Force has been a source of major concern for this association.

ROA worked diligently to inform the Congress, the Administration, and Coast Guard leadership of the unique capabilities of the Coast Guard Reserve as a value-added resource for peacetime day-to-day operations as well as a highly cost-effective source of needed trained personnel to meet military and other contingency requirements. We worked with our citizen-Reservists to develop and distribute a white paper on this issue last year that appears to have had the desired effect—a better understanding of the efficiency and effectiveness of the Coast Guard Reserve and support for at least 8,000 Selected Reserve personnel.

ROA WHITE PAPER

The Reserve Officers Association white paper, "The United States Coast Guard Reserve, A Value-Added National Security Resource," puts the recent reductions in the Coast Guard Reserve in historical perspective and provides rationale for increased use of Reservists to assist the Coast Guard in the performance of its day-to-day operations.

The conclusions of this paper were:

- The Coast Guard Reserve is a cost-effective personnel resource that also makes the Coast Guard more flexible.
- A credible study of Coast Guard Selected Reserve requirements has not been completed since the end of the Cold War.
- Even without such a study, Coast Guard Reserve personnel strength has been cut each of the last 7 years and is budgeted for a further reduction in Fiscal Year 1995.
- Premature Reserve personnel separations will cause unnecessary recruiting, training, and transition costs if it is determined at a later date that these personnel are actually needed.
- Congress should authorize and fund a minimum of 8,000 Coast Guard Selected Reservists; and
- Congress should also direct that a comprehensive study of requirements be completed prior to any further reductions in the Coast Guard Reserve.

TEAM COAST GUARD

The Coast Guard has embraced the reality that its Reserve is a value-added resource. This fact has been demonstrated by the adoption of Team Coast Guard and the movement to fully integrate Coast Guard Reservists into their parent active Force commands. This expansion of augmentation training also benefits the Coast Guard as Reservists perform additional day-to-day operations with reduced administrative overhead achieved by making the parent command responsible for Reserve personnel administration. ROA supports the goals and objectives of this new method of operating. However, the questions of how to provide meaningful assignments for senior Reservists (officer and enlisted) and to ensure a role for an effective advocate for Reserve issues have yet to be resolved.

FISCAL YEAR 1995 ACTION

The Department of Defense Authorization Act for Fiscal Year 1995 did authorize an end strength of 8,000 Coast Guard Selected Reservists as recommended by ROA. Unfortunately, the funding provided in the Transportation Appropriations Act for the Reserve Training (RT) appropriation did not include sufficient funds to permit maintaining this level of Selected Reserve personnel throughout FY95.

The result was authorization for 8,000 personnel but not sufficient funds to provide pay and

allowances needed for this strength throughout the year. Therefore, we do not anticipate reaching the 8,000 level before the end of this fiscal year.

The cognizant committee in the House, the former Merchant Marine and Fisheries Committee, had a provision in its version of the FY95 Coast Guard Authorization Act they directed the initiation of a study to determine the real requirements for Coast Guard Reserve personnel. Unfortunately, this legislation was not enacted as the result of a major disagreement between the Senate and House on a non-Coast Guard issue.

FISCAL YEAR 1996 PROPOSAL

The funding request for the Reserve Training (RT) appropriation for Fiscal Year 1996 is \$64.9 million, slightly less than the \$65 million appropriated by Congress last year to support 8,000 Selected Reserve personnel in FY95. This net decrease results from a calculation that \$2.2 million can be saved, primarily by reducing full-time support personnel, and that \$2.1 more than was appropriated last year is needed to cover otherwise unprogrammed costs of the FY95 and projected FY96 pay raises and to cover the costs of transition benefits and cost of living adjustments. ROA considers the \$64.9 million request for RT to be the absolute minimum requirement to fully support 8,000 Selected Reservists.

ROA RECOMMENDS THAT THE COAST GUARD RESERVE BE AUTHORIZED AND FUNDED AN END STRENGTH OF 8,000 SELECTED RESERVE PERSONNEL FOR FY96.

PORT SECURITY UNIT REQUIREMENTS

As part of the continuing review of mission requirements, the Coast Guard is committed to establishing three additional port security units (PSUs) to meet recently validated CINC requirements. This action has been coordinated with the Chairman of the Joint Chiefs of Staff and the Chief of Naval Operations. The three existing units performed critical mission-essential functions during Operation Desert Storm and during Operations Support and Uphold Democracy in Haiti.

The major lessons learned from these operations are:

- The port security unit mission is logical for the Coast Guard Reserve,
- Three additional PSUs are needed to meet the two major regional contingency (MRC) requirements, and
- Equipment is needed to replace what has been consumed by the high tempo of operations by the three existing units and to outfit the three additional PSUs.

ROA RECOMMENDATIONS FOR FY96 NG&RE

Coast Guard Reserve (\$=Millions)

PSU Equipment	\$ 2.87
PSU Training Equipment	\$ 1.9
Equipment for 3 new PSUs	\$ 8.7
Training Equipment for new PSUs	\$ 1.9
Total Coast Guard Reserve Equipment for consideration in FY96 NG&RE	\$15.37

ROA recommends that the Fiscal Year 1996 National Guard and Reserve Equipment (NG&RE) appropriation include \$15.3 million for Port Security Unit equipment for the Coast Guard Reserve.

GENERAL PERSONNEL ISSUES

The Reserve Officers Association would like to express its appreciation to the Congress for the support it has given in the past and continues to give to the Guard and Reserve. Last year's congressional action providing a 2.6 percent pay increase for military personnel was visible evidence of the support the Congress provides to the men and women in uniform. That pay raise, in the face of all of the pressures for reducing the deficit, combined with the Administration's recommendation that there be only a one percent increase, sent a very good and positive signal to the dedicated military personnel and their families who are in the service of this country.

While we greatly appreciate the many things the Congress has done for military personnel, both Active and Reserve and their dependents, we would like now to call your attention to some specific areas that we believe still need to be addressed.

INCOME INSURANCE

ROA is a strong supporter of the effort to provide a low-cost insurance program for Reservists who suffer income loss as a result of being activated. The FY92 Defense Appropriations Act called for an Income Insurance Feasibility Analysis. RAND has studied the possibilities of providing income insurance and the findings are favorable. The Office of the Assistant Secretary of Defense for Reserve Affairs has drafted and is staffing proposed legislation to address this subject. **We urge the Congress to support such legislation; we hope we will see provisions for income insurance for mobilized Reservists enacted into law this year.**

TAX RELIEF FOR DRILLING RESERVISTS

The Tax Reform Act of 1986 had an adverse effect on members of the National Guard and Reserve who are now no longer able to deduct the full cost of travel, food, and lodging expenses related to their military training duties. The Tax Reform Act permits these expenses to be deducted only if they, in combination with other authorized expenses, total more than two percent of an individual's annual income. We believe that this loss of full deductibility serves as a disincentive and needs to be corrected by the Congress. If we want to encourage participation in the Guard and Reserve, service members should receive fair tax treatment and be permitted full deductibility of unreimbursed expenses connected with their military service, including travel, food, and lodging. **We encourage the Congress to make those legislative changes necessary to return the full deductibility of these non-reimbursable expenses to members of the National Guard and Reserve**

COST-OF-LIVING ADJUSTMENT (COLA) EQUITY

The 103rd Congress took action to alleviate the discriminatory delay of military retirees' cost-of-living adjustments resulting from the Omnibus Budget Reconciliation Act of 1994. This action dealt only with the COLAs for FY 1995, however, and left the problem to be dealt with again for every budget through FY 1998 unless a more permanent funding solution is found. The President's Defense budget request does provide for the necessary funding to achieve equity in FY 1996, though not beyond.

ROA encourages the Congress to take action to permanently provide the same COLAs for both military and civilian federal retirees. We are encouraged that legislation has been introduced in both the House and the Senate to restore equity in these federal government retiree COLAs and urge you to support H.R. 38, introduced by Representative James Moran, or S. 31, introduced by Senator John McCain. ROA objects to all COLA losses that are discriminatory; however, these bills would at least correct the inequity between military and federal civilian retirees.

COMMISSARIES

The Congress has authorized unlimited access to exchanges, but in expanding commissary privileges, it limited commissary use to 12 a year. ROA believes that this 12-day restriction is not cost-effective and should be deleted. By eliminating the printing, distribution and control of the commissary privilege card, DoD has estimated that it would save the Department of Defense \$13.5 million annually. The Defense Commissary Agency calculated that the negligible increased use of the commissary by Reservists would require no additional DoD funding. **We strongly urge the Congress to**

address this issue and provide unlimited commissary access to drilling Reservists and retirees who currently have commissary privileges.

UNIVERSITY OF THE HEALTH SCIENCES

We regret to see that once again legislation has been introduced to eliminate the Uniformed Services University of the Health Sciences (USUHS). The USUHS was established by Congress primarily to train doctors for the Armed Forces and Public Health Service. Since 1980 it has graduated almost 2,000 medical students. In addition to the usual medical training available elsewhere, USUHS students receive specialized instruction in combat casualty care, preventive medicine and other key medical aspects of modern warfare. It is the only medical school in the country that focuses on preparing doctors for service in a military and combat environment. Superficial cost comparisons at first glance would seem to indicate that it is cheaper for the government to obtain its military doctors through the Health Professions Scholarship Program. However, an analysis of the total cost, when adjusted to reflect government investment per physician year of obligated service, shows that the Uniformed Services University of the Health Sciences graduate's cost is actually 33% lower than the cost of a health profession scholarship program graduate. **We urge the Congress to continue to authorize and fund this important federal medical school.**

SOCIAL SECURITY OFFSET

The Social Security offset applied to a surviving spouse's Survivor Benefit Plan annuity received after the survivor reaches age 62 has long been viewed as inequitable and an undue hardship on many surviving spouses at a time when they can afford it least. The offset is based solely upon military earnings that were paid to a Reservist for periods of active duty of less than 30 days between the years 1957 and 1980, and the Social Security payment the military retiree would have received had he survived. One problem here is the fact that many widows' Social Security payments after age 62 are based upon their own employment history and payments. Another problem is the fact that many Reservists paid Social Security taxes on their Reserve income despite having already paid the maximum annual deduction based on their civilian incomes. While this latter difficulty can be remedied administratively, it all too often falls to the aging surviving spouse to try to move the bureaucracy to correct the error and adjust the resulting offset. **ROA urges the Congress to adopt legislation removing the Social Security offset to the Survivor Benefit Plan.**

CONCURRENT RECEIPT OF MILITARY RETIRED PAY AND VETERANS COMPENSATION

Currently military retirees receiving veterans disability compensation have the amount of that compensation deducted from their military retired pay, while other federal retirees receive their full retirement in addition to whatever disability compensation they may be receiving from the Department of Veterans Affairs. **ROA continues to deplore this inequity and urges the Congress to remedy the situation by enacting legislation authorizing concurrent receipt of both military retirement and veterans disability compensation.**

"FORGOTTEN WIDOWS"

The long and continuing history of legislation perfecting the protections and benefits contained in the Survivor Benefit Plan is one of which the Congress can be justifiably proud. The plan has made the future of many surviving spouses more comfortable and secure while at the same time serving as a significantly effective recruiting and retention tool for all of our armed forces. There exists, however, one group of surviving military spouses for whom this plan provides neither comfort nor security. I speak here of those military surviving spouses of both sexes commonly referred to as the "forgotten widows." The "widows" are surviving spouses of service members who died before being able to participate in SBP in 1972, and spouses of Reservists who died before the advent of the Reserve component SBP in 1978. Legislation has been introduced in the House and similar legislation is expected

to be introduced in the Senate to remedy this long-standing oversight. Federal civilian survivors were

granted similar relief after 10 years of waiting. It's time. **ROA urges the 104th Congress to pass legislation extending SBP to this group of overlooked military surviving spouses.**

CONCLUSION

Thank you for the opportunity to represent the Reserve Officers Association's views on these important subjects. Your support for the men and women in uniform, both active and Reserve, is sincerely appreciated. I'll be happy to answer any questions that you might have.

Mr. DORNAN. Thank you, General, both of you, excellent testimony. Of course as I have said already, it will be in the public record of these very valuable hearings today.

Let me ask you both a question since I agree with your analysis. I am actually asking myself this question at the same time. It is a tough one.

Both the National Guard Association and the ROA are advocating full-time support increases or at a minimum freezes. I agree with that. Neither are supported by the President's fiscal 1996 budget request.

CBO has given us an estimate that the 5-year cost of the National Guard Association proposal will be in excess of \$1 billion. Do you have any ideas personally, or have you studied this, how the cost can be offset; that dreaded word?

I have a lot of areas in the defense budget myself that I think have nothing to do with that preamble of the Constitution that says provide for the common defense. I will ask you first, General Ensslin.

General ENSSLIN. Of course, we are talking about continuing a funding level that is historic. We are talking about not reducing the funding level. The funding level is already being reduced. I know you need dollars. I would suggest perhaps examining the cuts that were done by the Defense supplemental bill to see if that is going to free up some funding in 1996.

Perhaps take a look at Defense conversion initiatives to see if there are any dollars there. One example, I think we took out the SR-71 here recently that should have freed up some dollars. Of course, General Sandler couldn't say this because he doesn't have the constituency, but just one carrier battle group is an awful big ticket.

Mr. DORNAN. A lot of people are hammering on that. They are hammering on submarines. I am a bomber deterrent man myself, although I have respected every part of our triad. I came here defending the triad. I have never had any reason to back off.

Different dictators respond to different stimuli to not do what dictators do. They don't have to answer to a Congress, Diet, Canneset, or Parliament, so they kill people. Only sudden death for themselves seems to limit these people from starting small, medium or large wars. We will keep looking for things to offset.

General Sandler, have you done any research where you have targeted something that might have escaped my attention?

General SANDLER. The ROA has not done any research. In my former position in the Pentagon, I used to look at that all of the time. How could we offset? Our position was that perhaps there is some overhead that we carry within the armed forces in terms of civilian personnel that we could review and make some tradeoffs.

We are not talking about a lot of people here. We are talking in the Army Reserve in the military technician issue perhaps 2,000. I think if OMB is looking at cost, sometimes they have a tendency to compute the entire cost rather than the additive cost.

I am not disputing what it was that they have computed, but in the past, I know that we have had some disagreements on how the calculations were made. We have looked at that. It is possible that

there are some extraneous positions with which we could make some tactical and strategic decision in creating the tradeoff.

Somehow we have to do that because those technicians are just absolutely essential to the readiness of the units. Particularly now that we are in a tiered situation in the Reserve components, we cannot afford, after we have tiered, to take out even more Reserve technicians.

Mr. DORNAN. My problem is a fear of designating something in overhead that could be trimmed and then to have them discover it at OMB and immediately take it out without transferring it to some other program. That is when I went to the Air Force and suggested that maybe we would have a window of calm immediately after the meltdown of the evil empire to shut down all B-52's, all, every wing, so that we could, a few years out, expand the B-2 force.

A general officer said, Congressman, are you willing to take that risk that if we offer up the B-52's they won't disappear instantly with not a dollar ever to go to add one other modern stealth bomber? Of course, he was correct so I backed off. That is the first time I have ever said that publicly, but it is very hard when you have a hostile military environment to come up with self-generated cost savings and not have them just disappear into some already proven failed welfare program.

I am going to yield to Mr. Talent to see if—or Mr. Pickett. I would have yielded to you initially, but I didn't think you had a question. Do you?

Mr. PICKETT. Not a question, Mr. Chairman. I do want to thank our witnesses for doing an excellent job of reviewing and reiterating the importance of this issue to us. I think the message has come through loud and clear that however the mechanism for financing has to be arranged, there is no question about the necessity for having the full-time support for these units. Otherwise, they simply cannot function.

The cost in decreased readiness will equal many times over what the cost is going to be to provide these additional full-time support personnel. I thank you.

Mr. DORNAN. Mr. Tiahrt, did you have any questions? Then Mr. Talent, if you want to ask these gentlemen questions as a guest committee member today, please feel free to do so.

Mr. Tiahrt, the great State of Kansas.

Mr. TIAHRT. Thank you, Mr. Chairman.

I know that both General Ensslin and General Sandler realize the cuts are here. We are going to have to deal with them. I thought that it was interesting that you pointed out that one area that we could look at was overhead. Did you think that was just in the full-time service? Are you also looking at the Reserve units and the Guards when you say that we need to scrutinize overhead?

General SANDLER. I really feel that we could look at the entire Defense Establishment to try within that establishment of a couple of hundred thousand to see if there isn't some way we can support the Reserve component out of that. That is just one possibility.

I think what General Ensslin brought up, looking at certain tradeoffs of equipment and some other things that they are going to render resources back to the Department, that perhaps that

would help pay. It is a money issue. There is no question about that.

Mr. TIAHRT. When we have a downscope of the forces in the Army Reserve which comes up next, we are going from approximately 319,000, I think, down to about 208,000; certainly less personnel.

One would think that overhead would be an obvious place to start looking. Where can we consolidate? Where can we review? Would that be a logical conclusion?

General SANDLER. It would not in the case of the Army Reserve, which is what you are referring to, particularly because as you take out some of the overhead. I said in my statement, that those units which are inactivated as a result of the downsizing, we agree that we would accept the loss of the full-time support force for those units.

What is happening is, we are not only taking that force out, but we are taking out an additional full-time support force beyond that which supported those units being eliminated. I do not agree that we ought to take a look at the remaining overhead and start reducing that. If anything, we need more.

Mr. TIAHRT. Are you referring to the equipment then?

General SANDLER. Am I referring to?

Mr. TIAHRT. Reserve equipment for the Army Reserve, for example. When you say you don't want to eliminate anything, are you talking about the equipment?

General SANDLER. No. I was talking about eliminating any of the overhead full-time support of those remaining units. I don't think there is any fluff in that overhead in the full-time support of the remaining units after the draw down.

Mr. TIAHRT. After the drawdown.

General ENSSLIN. That's correct. We have a situation where only 60 percent of the authorized spaces for full-time manning are filled. We are talking about an additional 20 percent reduction in the technician portion of the full-time force.

They are very key and very important individuals. If we don't turn this around, we are not going to be able to continue to support the missions around the world that we have been supporting in the Air Guard, the Air Force Reserve, in the Army Guard and in the Army Reserve.

I talked to Secretary Perry a few weeks ago. He was talking about his travels. He said, everywhere I go, Bob, I run into guardsmen. I see guardsmen everywhere. That is what sparked his thinking about the additional use of guardsmen.

He is also looking at the active units that are stretched out so thin and an opportunity to give them a little bit of time to come home; particularly over holidays. We did this over Christmas very effectively.

That kind of support is going to be out the window when we reduce the number of aircraft and take a 20 percent cut in the technician force. It is just going to be insupportable.

Mr. TIAHRT. I know that the Air National unit stationed at McConnell Air Force Base has been in over 60 countries. Some of their personnel have been TDY 160 days in 1994. I agree that we

have expanded their role without properly funding. That and other issues that concern me deeply.

I am having trouble dealing with the reality of the downscope when we scale down. How do we comparably scale down our overhead? I think we are going to have to address that.

General ENSSLIN. We have reduced the force, which of course reduces costs. We are not complaining about losing those military technicians whose force structure has gone away. We don't want to ruin the effectiveness and readiness of the force structure that remains by taking away 20 percent of their full-time support people.

Mr. TIAHRT. Thank you, Mr. Chairman.

Mr. DORNAN. You bet. Mr. Talent.

Mr. TALENT. I thank the Chairman for indulging me. I just really have a comment along the lines of what the gentlemen have been saying.

We have been living on the invested capital of a number of years. There is an irreducible minimum beyond which you cannot expect these people to carry out the roles and missions that we have assigned them. I think we have reached it. I think we have reached it in the Active component. I think we have reached it in the Reserve component.

Mr. Tiahrt mentioned the temporary deployments abroad of Air Force Reserve people. They didn't sign on. You know, when you sign on in the Air Force, it is not like the Navy where you expect to be away that long. This is a new phenomenon. We are expecting these people to do more and more and we are giving them less and less.

That is a problem we have got to face. We shouldn't make it their problem. That is something we have to reconcile either by changing the missions which the chairman and I would agree, we cannot withdraw from the world or finding the resources to support these people. I just think it is terribly unfair to them to do otherwise. I really appreciate your testimony here today.

I thank the chairman for indulging me. I don't have any questions.

Mr. DORNAN. Then before I recognize Mr. Baratz, let me just comment on that excellent statement of the gentleman from Missouri.

I can remember the only sad moment with a handful of reservists and guardsmen was during the callup of the Berlin Wall crisis. President Kennedy was still in his first year. It was August. A young man was shot, allowed to bleed to death in the middle of the DMZ near Checkpoint Charlie.

I still remember his name, Peter Fector, because the German word for doctor phonetically sounds very close, doctor. His arm is raised calling and he is allowed to bleed to death. We had a second lieutenant at Checkpoint Charlie who was a little unsure of how much authority he had.

I was begging to be called back on active duty because I was caught transferring between the Guard and the Reserve. Meanwhile, a bunch of people said they didn't want to be called up. I can remember then-Senator Barry Goldwater said, hey, if you are a weekend warrior, then answer the call. You took the pay, now stand guard. That was a crisis.

What I would like to associate myself with Mr. Talent's remarks is when I was a guardsman or a reservist, I wouldn't have cared if I was called up for a crisis or to go fight and use all of that combat readiness training. But to just be called up to mark time and to lose my standing in the community as far as time and grade for various jobs, or positions, or somebody else get the big break in communications, radio or TV that I was begging and praying and waiting for, that isn't what I felt I was in the Guard or Reserve to do; to be assigned in some vague peacemaking of keeping mission on the other side of the world without a crisis nature and without any realistic call to fight and to earn my Reserve pay.

So I think we really have to look at redefining the missions and keeping the training up. I bet both of you gentlemen can just do it with a quick yes, so I can get to Mr. Buyer. I bet you would agree with me on the intelligence capabilities of even the smallest of nations, that if they think our Reserve isn't there as a combat ready backup, then they are tempted severely to reap havoc around the world; correct?

General ENSSLIN. Absolutely.

General SANDLER. No question about it.

General ENSSLIN. During reforges, when we were unloading our ships at the docks at Antwerp, the Warsaw Pact officers with their glasses, were standing out there scoping up precisely what we were bringing and what we were doing with it. It is obvious that was part of our deterrent force.

Mr. DORNAN. The same with nations in every part of Eurasian continent and Africa. They are there. Their United Nations and trade people are all multilingual and they all have a dual intelligence assignment to analyze reforges and see if its people are really up to speed.

Mr. Buyer of Indiana.

Mr. BUYER. Thank you, Mr. Chairman.

Both of you gentlemen, I want to compliment each of you for your extension of your commitment to duty, commitment to excellence. You have gone far beyond, obviously what you have already given to the country and you are continuing to do that. So, thank you.

Some of the questions I know have already been asked. I apologize for coming in late. The questions that I had to ask the active duty generals was regarding the offsets, not so much the offsets, the shortfalls, excuse me, that they are facing.

I know that you have recommended some plus-ups. I read the testimony that you recommended where you should get the offsets from. Something that does bother me though is the request for plus-ups for realistic shortfalls, while at the same time we are increasing civil military operations.

We are getting into greater involvement of the Guard and Reserve in peacekeeping operations. You know, involve me, involve me, and how about me, me, me. There are some of us on this committee who are very tough minded on the use of the U.S. military and the commitment of the military.

At times we find ourselves in deep philosophical disagreement with the White House. Do you agree with these massive plus-ups in the civil military operations or do you think we should cut those

back a little bit so we can better shore up readiness in the O&M budget? What is your opinion Major General Ensslin?

General ENSSLIN. Well, it is my opinion that those kinds of efforts should be funded elsewhere than out of the defense budget. The Guard has got some terrific programs. They are wonderful programs, particularly aimed at helping youth who are in danger.

We have got a lot of programs for young people that we have run tests on around the country. The results are inspiring. You go out and visit the programs, you see them, and you say, this is great. The Guard has got the capability. The Guard is able to do this, but it is more important to be able to get the airlift to Sarajevo than it is, unfortunately, it is more critical than these great opportunities that are out there to help the kids.

I think they are great programs, but I don't think they really belong in the defense budget; maybe out of the State Department or out of you name it.

Mr. BUYER. I am smiling because I agree with you. I always smile when somebody agrees.

General SANDLER. If I may just follow-on, Mr. Buyer.

First of all, we train our forces to fight. We do not train them to do civil military cooperation within the United States to perform any other kinds of civil activities within the United States.

Our forces and the monies that we ask for those forces, and the full-time support which we ask for those forces are training them and preparing them to go to war. That is the only reason that we exist. These other requirements that are being designed, I guess I would agree with General Ensslin that if we are to agree to do those, which again, the citizen-soldier community-based has the opportunity to make a significant impact in these communities.

I also believe that the funds to support those should come from other sources. I think defense is being asked to fund too many things that are not within the realm of war fighting.

Mr. BUYER. I agree with you. I tried to allude to that with the first panel. We are really struggling through some very difficult decisions. Trying to cut \$1.2 trillion to come to a balanced budget and then by year 2002 we are going to be facing \$7 trillion in national debt.

It is easier to count the commas than the zeros when you look at numbers like that. How do you maintain readiness when our real mission is to fight and win the Nation's wars. Let's not lose focus here.

We just voted last week to have a rescission package to cut \$17 billion. It is not easy to cut youth programs, or summer jobs programs and things like that. Trying to streamline this is to get back to the real focus of what we are supposed to be working on. It is what we are trying, in fact, to do. I appreciate your candor in that testimony with regard to civil military programs.

Let me ask another one. This is going to be a tough question. I am not going to let it go. Some of my friends in the Guard Bureau won't be happy to be asked these kinds of questions. I am trying to think. I am trying to be very forward thinking.

Forward thinking is in further scaling back. That sounds pretty awkward coming from a hawk who is pretty tough on defense. You say, how can you scale back any more? The question is this. If in

fact it will happen, should the Air Guard be in the business of having fighter squadrons? Should they?

Should the Air Guard have F-15's and F-16's. How does that really meet with their stated missions? How can you justify that? I don't mind asking these questions because we are going to be facing some further cuts.

How we balance that can be very important. Mr. Chairman, I just think so easily we like to go ahead and keep the status quo.

Mr. DORNAN. I like tough questions, but my blood pressure just went up. Weigh your words carefully, gentlemen, when you answer it.

Mr. BUYER. We don't have the scenarios where, I'll give Indiana for example. I could say it is a parochial interest and we should keep the Guard F-16's in Fort Lane, but on the other hand we don't have threat of Michigan invading Indiana, Ohio, Illinois, or Kentucky.

General ENSSLIN. I would point to the two F-16 squadrons that mobilized and deployed and flew 3,000 combat missions in the gulf war.

Mr. BUYER. Wait a second. I'm not arguing that you can't do the job. I know that the Air Guard squadron in South Carolina was even a top gun squadron. I know they are great pilots who can do the job. My poignant question is why do we have Air Guard fighter squadrons?

General ENSSLIN. Because they cost less.

Mr. BUYER. You can do it at less than the Air Force Reserve?

General ENSSLIN. Than the Air Force.

Mr. BUYER. Than the Air Force. You see, if I can't get the Air Guard to commingle assets and move to jointness with the Air Force Reserves, then I have to ask the brilliant question, should we take away those assets from the Air Guard and give them to the Air Force so they can use jointness with Active duty?

I am going to ask those questions.

General ENSSLIN. Let me understand your question. You are saying that the governors don't need any fighter airplanes. Is that basically it?

Mr. BUYER. We are facing very difficult decisions here. I am just asking the question, if we are going to pare down more, it makes me cringe to even say that. I have been pondering this now for a couple of months why the Air Guard has F-15s and F-16s?

I can understand beefing up the Guard and being able to have assets so they can also have a dual state mission. Justify for me why the Air Guard should have fighter squadrons? You said, save costs.

General ENSSLIN. It provides a capability at a fraction of the cost of keeping those same fighter planes and active Air Force units. The capability is obvious. The capability has been proven in combat. It has been proven in competition. The financial reality of it is proven.

I would more expect a question that would say, why can't all of our fighter aircraft be in the Guard and Reserve as opposed to the additional cost to keep them on active status given the results, the proven results of their capability.

Mr. BUYER. Mr. Chairman, I know that my time is up. May I ask one follow-up question?

Mr. DORNAN. Sure.

Mr. BUYER. The difficulty I am finding with the Guard Bureau is, I am going to use Pat Schroder's comment. She said one time about the Pentagon; about sometimes they like to circle the wagons.

I kind of chuckled and said, well, that's coming from Pat. You know what, I have to admit, Pat was right. It happens. The Guard Bureau is really one of them that will circle the wagons the first and they are the toughest because of the political infrastructure. I recognize that.

I am having difficulty really trying to get the Guard to move to mutuality of jointness, collocation. It is difficult. If they are going to resist, I am almost forced to ask the question, should we begin to take away assets?

That is why I am asking the question. Be all fair to you, sir, I am a hawk. I am not going to let this one go away.

General ENSSLIN. I'll tell you. We occupy joint armories in Florida with the U.S. Army Reserve; a number of them. In some cases the U.S. Army Reserve was the host and there were Guard units in the Armory.

Sometimes they were National Guard Armories and there were Army Reserve units in it. I commanded an artillery brigade that had a U.S. Army Reserve field artillery battalion as one of our battalions for mobilization purposes, for training purposes. We trained together. We exercised together. We went to annual training together.

That is certainly a movement toward jointness, accommodation and cooperation. I really think that in the most recent years, the Army Reserve and the Army National Guard have become much closer together, cooperated more and worked more than when I first got into the Guard.

Mr. BUYER. I agree with that. I am talking about the Air Guard.

General ENSSLIN. You are talking specifically about the Air Guard?

Mr. BUYER. I will be more than happy to take this issue up with you specifically. The Air Guard was about to waste \$40 million to duplicate an air base less than 50 miles away. It was absolutely incredible.

Mr. DORNAN. Where is that?

Mr. BUYER. It was in Indiana. Grissom Air Force Base versus Grissom. A lot of people said, oh, Steve, it is just politics. When I was going through that, I am sure in the Pentagon I was viewed as a gnat on the back of a donkey.

I have matured a lot. I have matured a lot over the last 2 years. I have learned a lot. I guess now that gnat now has the understanding to become a pain in the ass. Pun is intended.

Mr. DORNAN. This is an intriguing question to me, having flown for both the Reserve and the Guard. It was a little bit more than—there was a nice competitive identification in gunnery contests with your State which you don't get with the Reserve.

I will admit that when I first got out of the Air Force, the question that did come to mind, that Army Guard men would be called

for earthquakes, riots, floods. I was just the same kind of fighter pilot in the Guard that I was in the Air Force. Maybe way down the line one or the other is going to have to consolidate; all air mobility in the Guard or in the Reserve, and all fighter units in one or the other. There does seem to be something duplicated there.

I will help him pursue it, even though I certainly enjoyed being a California Guard fighter pilot. Let me ask if there is anybody else on this panel, I want to be fair to Mr. Tiahr and Mr. Talent that we do have a third panel.

Thank you gentlemen; excellent testimony. I look forward to our final and third panel and the clock is chasing us.

Major General Schofield, come forward.

Is that how we spell Schofield Barracks in Hawaii, General?

General SCHOFIELD. Yes, sir.

Mr. DORNAN. Any hereditary lineage there to the great Schofield name?

General SCHOFIELD. Not to my knowledge. Some told me I should claim it if I couldn't prove it wrong.

Mr. DORNAN. General Baratz, thank you for staying around from both the first panel to this third panel. The Chief of the Army Reserve is back on the deck here.

He has been joined by Maj. Gen. Elvin J. Schofield, USAR (Ret.), former commander of the 90th Army Reserve Command at San Antonio, TX.

General Baratz, you may proceed.

STATEMENTS OF MAJ. GEN. MAX BARATZ, CHIEF, ARMY RESERVE

General BARATZ. Mr. Chairman, I am deeply appreciative of the opportunity to come before you today and talk about what I think is an amazing success story in primarily what we have been talking about here this afternoon.

I don't like to read things so if you will bear with me, I am going to give you a short oral statement here that will last about 10 minutes. In that process, we are talking here today about the command restructuring inside of the Army Reserve.

To lay the background here, we formally had 20 commands known as ARCOM's which were not go to war commands spread across the United States. We have structured those 20 down to 10, with 3 of them restructured to a smaller entity for a total of 13.

I would tell you that first of all, common sense would say to you that when I moved from 319,000 to 208,000, of which I am two-thirds of the way through, will be by 30 September of this year, that it is clear that we did not need the same amount of overhead nor could I afford the overhead which the Army Reserve had.

I would also tell you that interestingly enough that my predecessors, both Generals Sandler and Ward, had looked at this structure when we had adequate funds and we had full strength at 319,000 people. The produced two studies which said the overhead was redundant.

In that process, I would like to tell you two things this afternoon. First of all, what we have done and, second, how we did it. Again, I will tell you that a lot of people took part in this. All of my ARCOM commanders are aware of the study and five of them par-

ticipated intimately in it because they asked me to have participation.

First of all, what it does. It cuts down the span of control in the Army Reserve in the number of major commands that we have. Second, it reduces the redundant control as I have explained to 10 regional support commands with 3 regional support groups.

It reduces the high grades that I had in these headquarters. It cuts the number of civilians by about 100. It saves about 2,000 spaces because I am still struggling to get to 208,000 which is between a 35- and a 40-percent cut for me. So this helps me move down.

If I didn't take these headquarters down, we must not get confused, I would have had to take ready units out of the structure. My bottom line has always been that we are in the readiness business. All other missions are peripheral to us.

I would also tell you that by looking at the ARCOM structure, which had not been looked at in the last 30 or 40 years and had collected a number of old cold war missions, and looking at the lessons that were learned in Desert Shield and Storm, and I came back to the colors to do what I do now full-time by being called up as the first person in Desert Shield to run the mobilization for the two Reserve components in the Army; the Army Reserve and the Army Guard.

We did learn our lessons there. I feel we have applied them in this structure that we have redone. It also enhances the mobilization of the Army Reserve. It gives us the ability to move people around as has been pointed out by both panels in this hearing. I am the recipient of the lowest full-time support among all of my brethren in either the Guard or any of the other services that were here.

It gives me the ability to get the new RSC's up to structure where they should be. I am aware that not only am I not going to get more civilians, but right now, we are having a debate of how we stop some cuts in the civilian force.

It gives me the ability to move a little better than \$20 million into my readiness accounts. Some people would say those are savings. I am not in the business of giving anything back, if you will, because I can't afford to do it.

I am in the process of moving the money where it belongs. It cost us about \$7.6 million to run an old ARCOM. Because we are going to back units up, and because I am a conservative physicalist in my life, I will tell you I think we are going to save about \$3 million based on the 13 that will remain standing whether they are in RSC or in RSG.

That \$20 million can then be put against my——

Mr. DORNAN. Break that code; RSC, RSG.

General BARATZ. RSC is the Regional Support Command; RSG is the Regional Support Group.

Mr. DORNAN. Group being the 3, the 10 being the command?

General BARATZ. That's correct, sir.

Mr. DORNAN. Got it.

General BARATZ. At the same time, I need to tell you that I didn't do this in a vacuum. Although people accused me of working in a

vacuum most of my life, the truth of the matter is that this entire activity was homogenized with the active component.

We are changing how we do things based on the fact that the Russians have surrendered and have gone away. We are not a growing business, but we are a declining business. I will tell you that we sat down and looked at new formations that have come up in the last 2 to 3 years.

We have five new divisions exercised. We will have seven new divisions institutional training, all done under a study called the total Army training study.

We have changed the old ways of training and now moved into a contingency force pool methodology. We have gone, as I have stated earlier in my other testimony to tiered resourcing in the Army Reserve.

Based on that, it was decided by five general officers to remission the old ARCOM's, now the Regional Support Commands. Three of those five officers sit behind me. It was an absolutely thankless job to do this study because nobody likes to take things down or have to restructure or reinvent things.

You are always breaking culture. They did an excellent job. In the remission, what they did was say that our go to war units, and we have a number of direct reporting units in the Army Reserve, would move all of their base operations to the new Regional Support Commands.

They will move everything that would inhibit their missions so that the daily administration, finance, logistics, administration, retention would be moved to the Regional Support Commands and they could then concentrate, if you will, on their ability to train to go to war.

We need to maximize our resources. If we don't do that then we are in the wrong business. There has been an eminent impact on readiness by making this type of change and getting rid of the redundant overhead.

I will also tell you that at the same time, we are in businesses that the Army Reserve has never been in. It has been pointed out that we are taking the OPTEMPO or PERSTEMPO off the active component. The Army Reserve is now on its own base ownership activity.

The Army Reserve will take the offpost base operations away from the Army at September 30 of this year. It will be run by the Regional Support Commands as they have been reconfigured. I will tell you that the lessons we learned in Desert Shield and Storm on how to mobilize people pointed out that the then-ARCOM's, now the RSC's needed adequate people.

As we know, people are a clear problem here. This entire effort, besides moving better than \$20 million, will allow us to move people into headquarters and properly staff them. If I might, I will tell you that this entire program, as I said, has been worked through the active component as well as the Reserve.

General Reimer who is in charge of mobilization for forces command in Atlanta has fully been appraised every step of the way in running this program. Although he wanted to send his chief of staff down here, if we could have the courtesy, I would like to enter a

letter into the record from General Reimer that explains how this does address mobilization and that it can be done.

Mr. DORNAN. That letter will be accepted by unanimous consent as a part of the permanent record.

[The following information was received for the record:]



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY FORCES COMMAND
FORT MCPHERSON, GEORGIA 30330-6000

March 23 1995



Honorable Robert K. Dornan
Chairman, Subcommittee on Military Personnel
Committee on National Security
U.S. House of Representatives
Washington DC 20515-0546

Dear Mr. Chairman:

Although unable to appear before you, I would like to provide United States Army Forces Command's (FORSCOM) position on the United States Army Reserve Command's Command and Control Reorganization Concept plan. FORSCOM supports the initiative; this plan will enhance readiness and leverage scarce resources.

The plan enhances readiness by focusing Regional Support Commands on administration, logistics, and soldier support tasks, allowing Army Reserve go-to-war commanders to concentrate on their wartime missions. It also creates ten new U.S. Army Garrison Support units which are critical to FORSCOM installation expansion requirements during mobilization.

I have enclosed a copy of the October 1994 memorandum signed by General Reimer which forwarded the concept plan to Department of the Army and reflects his support and approval of the initiative.

If you require further information, I would be pleased to assist in any manner you deem appropriate.

Sincerely,

Guy A. J. LaBoa
Major General, U.S. Army
Chief of Staff

Enclosure



DEPARTMENT OF THE ARMY
HEADQUARTERS FORCES COMMAND
FORT MCPHERSON, GEORGIA 30330-6000



REPLY TO
ATTENTION OF

FCJ3-RC (310-49c)

05 OCT 1994

MEMORANDUM FOR Deputy Chief of Staff for Operations and Plans,
ATTN: DAMO-ZX, 400 Army Pentagon, Washington,
DC 20310-0400

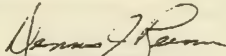
SUBJECT: United States Army Reserve Command (USARC) Command and
Control (C2) Reduction Concept Plan

1. The enclosed concept is a plan to reduce the existing TDA Command and Control structure in the United States Army Reserve Command. This plan establishes efficiencies and reduces the USAR TDA infrastructure while improving span of control at the USARC level. I have reviewed this concept and believe it effectively supports America's Army's goals of enhanced unit readiness and streamlines command and control.

2. This redesign will be successfully executed within currently programmed and projected resources. Therefore, I strongly recommend approval and incorporation into the Army's winter command plan guidance.

3. If needed, additional information on this plan can be provided by contacting LTC Westcott (404) 629-7930 at Headquarters, USARC.

Encl


DENNIS J. REIMER
General, USA
Commanding

General BARATZ. The second thing I need to talk about and I am trying to keep this short because I do know time is a factor this afternoon.

Mr. DORNAN. General, this is the second of two? I am not trying to speed you up. I am just curious.

General BARATZ. This is my second half.

Mr. DORNAN. Second half.

General BARATZ. I am going to work my way through this rapidly too. Then I am prepared to take questions.

As I said, this is a good news story. I think this is what Government is about today and what it is about in taking down things, getting them retransformed and moving assets and making the most of what we've got.

The second piece of this how do we do this? As I told you, we looked at the old studies. The 20 ARCOM commanders came to me and said they would like to have an advisory council and that advisory council, if you will, should be the prime movers in what we are going to do.

In that process, we picked five general officers, all ARCOM commanders, no offense to the three of them sitting behind me, but young to old, spread across the United States from East to West, and North to South. One of those officers also behind me is General DeLaverne who has expertise because he is the senior civilian in his command. We needed that because we are dealing with civilian dislocation here.

They came in and spent a substantive amount of time in studying the old system, suggesting a new system and working out how you could choose who would go and who would stay. In that process, they came back with a number of things.

One of those things and which is much misunderstood is they made a core, if you will, activity into the 20 ARCOMs that existed. They rated those from 1 to 20. They have picked up an acronym which is called Measures of Merit. That was only a very small piece of how we made these decisions.

The second thing that we did and I drove them to this was that we run this Government on standard Federal region. Much of what the new commands are going to do, the Regional Support Commands, have to do with base operations and housekeeping activities.

For example, under a standard Federal region, you had the regional environmental office. We have substantive environmental problems. I am not here to complain. I am just telling you like everybody else, I have those.

There are regional offices involved in the Justice Department. There are regional offices involved in the OSHA and the standard Federal regions. We have OSHA problems like everybody else too.

We use the 10 standard Federal regions. The one thing that has caught everybody's attention in this activity is that FEMA is also based on 10 standard Federal regions. We have a number of units and have had them for a number of years that are attached to the FEMA regions. We have rolled those under the regional support commands. If that is interpreted by the detractors of this program as an attempt to do domestic missions, that is patently untrue.

I would also tell you that at the same time we did those activities, we looked at setting up three down traces because the advisory group felt that three of the areas were too heavy in troop density. That's where the three regional support groups came from. One in San Antonio, one in Indianapolis, and one in South Carolina.

All together then, we sat and kind of ran a litmus test through this whole thing with the Army. General Putnam who sits behind me who is the A-Desk-Ops of the Army was key in helping us work our way through this program.

I will tell you that the program has been approved and signed off by the Secretary of the Army on the 4th of January. We look forward to this whole activity. The one thing that bothers me with this and the last thing that I am going to talk about today is that this is taking me 2 years to do.

People have said to me, Why are you taking so long to do this when we can make these conversions? For two reasons. The first reason is that I have been always taught to take care of soldiers. We had the largest, at the time that we set this up, to put 10 garrisons behind those units that we were going to downsize. For example, I see Mr. Talent in the corner and saying the old ARCOM had a structure of 197 people. The garrison that will go into St. Louis has 270 people in it. Somewhere between 50 and 70 of those people, and it is up to the troop commanders on the ground, will be at Fort Carson where the garrison supports.

The rest of the people will replace the unit going down in St. Louis. The truth of the matter is that they will grow in size rather than lose people. What they lose are high grades. They lose two general officer spaces. They lose a lot of colonels and senior non-commissioned officers and lose high-grade civilians and numbers of civilians.

The second piece that we did to make sure this work and why we did it over 2 years is because I have civilian displacement. We are dealing with people. When we come to the bottom line in this world, we are still dealing with human beings.

Our intention is to deal with the civilians in three ways. We will offer entitlement which the Department of Defense gives us to let them take an early retirement. The second thing is because it is over 2 years, we will allow normal attrition to take some of these people out.

The third thing we intend to do is offer the civilians the right to move within the Army Reserve structure to where the jobs exist. We feel this is a fair and an equitable plan. As I said, the reason I am concerned is, I would do this sooner if I didn't have the people problems to deal with.

There is no problem with this program as far as making the savings and being able to do the jobs of the new RSC's and the RSG's.

The final thing I would say is two things. We are well along in instituting this program. We are in the process of setting the garrisons up to replace the old ARCOM's where they are going down.

We are in the process of making the total revamping and have everybody in the ground doing this. You might think of it as an airplane flying to Hawaii. I have passed the point where I can turn back.

The second thing I would say to you is, as I told you earlier, I think this is good for America. It is good for America's Army and it is good for the Army Reserve. Probably the thing that you can't put the dollar on is, I am taking 40 percent of my force down.

If I only took soldiers out of my force and didn't take any overhead down, I would feel that as the steward of this force, I would be making a mistake. Having nothing to do with my lack of resources or anything else, it is a philosophical problem for me just to take soldiers out and not go after the overhead.

Soldiers are smart. They recognize what is happening. We have a contract to take care of our soldiers. I truly believe that this program does that. I truly believe that it meets the tenants of what this Government wants to do today. I am proud to be here. I am deeply respectful that you let me come.

[The prepared statement of Major General Baratz follows:]

STATEMENT OF MAJOR GENERAL MAX BARATZ
CHIEF, ARMY RESERVE

Mr. Chairman, and distinguished members, thank you for the opportunity to testify before your subcommittee on behalf of the community-based Federal citizen soldiers of America's Army, the United States Army Reserve. This force represents currently 242,000 men and women serving primarily in units and 570,000 individuals in our Army's only manpower pool of soldiers who stand ready at the call of the Commander-in-Chief.

TIERED RESOURCING

The Army Reserve has moved to maximize dollars received by tiering the force against war planning. This means that the force has been broken into five tiers that are based on the first to deploy or fight concept. The highest tier receives priority on dollars, personnel fill, logistics/equipment, training, and full-time support. This method of management arrays the Army

Reserve's resources to maximize the readiness of our first to deploy/support units while minimizing the impact on later deploying units.

As the Army Reserve continues its downsizing, the ability to more evenly spread resources across the force should increase with time. Nevertheless, based on time phasing, the Army Reserve is capable of supporting two Major Regional Conflicts as well as other missions necessary to support America's Army.

The real bottom line to all of this is that we will spend our dollars wisely . We will continue to work hard at saving money and maintaining readiness. If there's a better way of doing something in the field that saves us money, I want to know about it. I'm not tied to "the old ways" of doing business. It will not be "business as usual" for some time to come. Nevertheless, the Army Reserve will remain a viable force and will do as well in these days as any other part of the Army.

COMMAND AND CONTROL

As America's Army positions itself to meet the National Military Strategy for the 21st Century, the Army Reserve has decreased in strength from 319,000 in Fiscal Year 1989 toward a projected 208,000 end strength by Fiscal Year 1998. As we lose 111,000 soldiers, or over 1/3 of the Army Reserve Force, I found it necessary to direct an assessment of the United States Army Reserve command and control structure. This assessment was limited to the 48 contiguous states and does not address the three overseas Reserve Commands (Europe, Puerto Rico, and Hawaii).

It is apparent to me that the same overhead to manage, deploy, and mobilize a force that is one-third smaller is not the best use of our limited manpower. Furthermore, it is imprudent to just take soldiers out of the force without removing overhead. Nor is a large infrastructure affordable within current resources. Consequently, I took this opportunity to re-engineer our administrative headquarters to accommodate the Army of the 21st Century.

The Department of the Army approved our plan to restructure the current 20 CONUS Army Reserve Commands to ten Regional Support Commands. This regional alignment allows for more efficient geographical management and reduces the span of control from the current 46 to 30 subordinate CONUS headquarters reporting directly to the USARC.

The approved plan will not transform the Army Reserve into a smaller version of the cold war force, but rather, an Army Reserve able to provide ready units for America's Army. Regional Support Commands are designed to provide all soldier support for Army Reserve units within their geographical boundaries, provide command and control for specified units, and provide mobilization, base operations and resource management. The RSCs will provide administrative support to functional commanders that allows them to focus their energies on wartime missions. This will enhance readiness, leverage minimal resources and supplement our intrinsic value to America's Army as we posture for the Twenty-First Century.

The structure savings that result from this infrastructure downsizing are reinvested in Army mission support requirements. As an example, Army

garrison support units have been stationed in nine locations where Army Reserve Command headquarters will inactivate, and regional support groups will be stationed in three locations. This will allow the retention of the most qualified soldiers, improve readiness by reducing the activation period for the garrisons and the regional support groups as well as maximize resources to meet directed Army force structure requirements.

This plan results in a reduction of 1,937 drilling Reserve spaces, which includes more than 350 senior military positions and 89 high grade civilian spaces. Inactivation of ten Army Reserve Command headquarters at an average sunk cost of \$7.6 million yields substantive dollar savings that the Army Reserve can reinvest into OPTEMPO. Putting money into OPTEMPO equates to increased readiness of our “first-to-deploy/support” units.

TRAINING DIVISIONS

The Army Reserve currently has five Divisions (Exercise) and nine Divisions (Institutional Training). The mission of the Exercise Divisions is to provide collective unit training to Combat Support and Combat Service

Support units and provide simulation exercises to all units at battalion level and above. Their wartime mission is to support the continental armies with force validation and mobilization assistance teams support. The Divisions (Institutional Training) provide individual training directly to units and to Training and Doctrine Command (TRADOC) in the form of Initial Entry Training production support. Their wartime mission is to support TRADOC's mobilization expansion capability and reclassification training for mobilized soldiers.

This structure has been analyzed in light of changing missions, the two Major Regional Conflicts scenario, the reconstitution needs of America's Army, and those missions necessary to train the Army Reserve and the Army National Guard in peacetime. Based on the analysis, this structure will also be downsized.

This is also a very challenging process, one that we must approach with a sense of urgency. Budget, personnel, and training will drive the process and sound military judgment will temper the decisions. We will revise the remaining structure to fit the mission. A prototype of this structure is being

tested by Training and Doctrine Command and monitored by the Rand Corporation. The test involves all three components of the Army. Throughout this process and all of our restructuring efforts, we remain committed to the philosophy that the USAR must provide intrinsic value to America's Army.

CONTINGENCY FORCE POOL

Army Reserve units that are "first to deploy/support" are identified as Contingency Force Pool (CFP) units. They are divided into seven support packages and maintained in a high state of readiness in order to support both the Crisis Response Force (CRF) and Early Reinforcing Force (ERF). Forces Command is the overall coordinator of the CFP program and selects the participating units.

CFP readiness is the number one priority of the United States Army Reserve Command (USARC). My Deputy Commander and I are both actively involved in that process. We established a CFP Readiness Office at the USARC and implemented tiered resourcing throughout the Army Reserve to pay for the increased readiness we need. Our major commands are actively participating in intensive unit management. We visit them regularly to enforce that emphasis. We receive periodic updates and quarterly briefings on unit readiness and maintain continual contact with commanders in regard to unit status and improvement plans.

Our strategy in the first year of implementation was increased personnel strength and equipment improvement. The second year we continued to improve strength and targeted a reduction in attrition with increased individual skill qualification. In the third year, we will target strength maintenance, attrition control, improved skill qualification, and collective training.

Meeting strength objectives and skill qualification, reducing losses, better training management, maintaining of equipment and records, and improving individual soldier skills are all future priorities that can be accomplished. We will continue to press forward in focusing training around mission essential tasks in order to ensure the preparedness of our units.

OFFSITE AGREEMENT

In December 1993 the Army leadership established the division of the 575,000 RC end strength for FY 98 at 208,000 for the USAR and 367,000 for the ARNG. To maximize existing Core Competencies, the Army Reserve will focus on providing combat support (CS) and combat service support (CSS) units while the Army National Guard will focus on combat units including combat support directly imbedded in their combat structure. To solidify this focus we will swap approximately 10,000 spaces of structure between the Army Reserve and the National Guard. The USAR will move almost all aviation, Aero-Medevac units, and combat units to the Army National Guard, and we will receive combat support and combat service

support units from the Army Guard. The USAR swap and movement actions will be completed by the end of FY 96.

The Army Reserve has made substantive efforts to implement the Offsite Agreement. Every effort has been, and will be made, to save soldiers and ensure readiness of remaining units. Cooperation between the Army Reserve and the Army National Guard has been close and ongoing throughout the process. I feel very comfortable that this activity is on schedule and working well. Strong inter-component cooperation has made this a success.

The Army Reserve is on schedule as we draw down to the end state strength of 208,000. The specific makeup of the force structure remaining in the Army Reserve in FY 98 will be influenced by the currently ongoing Total Army Analysis 2003.

FULL TIME SUPPORT IS THE KEY

The Army Reserve is the lowest resourced of all the Reserve Components in full time support. For FY 95, there are a total of 34,211 requirements in the four categories of full time support: Active Guard/Reserve (AGR); military technicians (MT); Active Component (AC); and Department of the Army Civilians (DAC). The Army Reserve has a total of 21,289 authorizations, or 62.2% of its requirements. The full-time support is missioned for organizing, recruiting, instructing, training, retaining managing and administering the U. S. Army Reserve units. These functions are essential to unit readiness. Currently we are attempting to manage our force with significantly less than minimum essential full-time support requirements. Specifically, a shortage of full-time support has resulted in a 37-day backlog in our area maintenance support activities. This backlog will increase to 67 days under a proposed FY 95 military technician reduction.

To improve readiness, the Army Reserve has placed the majority of its full time support assets in direct support of units, including recruiting and retention. As previously stated, we applied the tiered resourcing concept to

full-time support to ensure high priority units are resourced at a higher level than other units. This results in increased readiness. Unfortunately, this increase comes at the expense of later deploying units, administrative headquarters, and common service activities. In FY 94-95, the Army Reserve will provide 1,022,000 mandays of OPTEMPO support to the Active Component. This, in itself, is a strong story of America's Army at work.

EQUIPPING

During the past year, the Army Reserve has utilized every possible means to better equip our units: internal redistribution, cross-component equipment redistribution (primarily from the Active Component), new purchases, and extensive rebuild programs. Although progress is being made, much needs to be done. This remains a high priority to keep the Army Reserve ready. Your support through the Army Reserve's Dedicated Procurement Program has been a principal driver to the readiness improvements to date, and, with your continued support, our readiness posture shall remain on an upward trend.

COMMUNITY DEVELOPMENT

The Army Reserve is a community based force of citizen soldiers that, within its resources, understands its abilities to give back to the country. It remains pro-active in Federal infrastructure programs, Federal community projects, and inter-service projects.

SUMMARY

In conclusion, the Army Reserve has completed two-thirds of the down-sizing and transformation while maintaining its readiness and ability to support the war plans of the Department of Defense and America's Army. The overhead has been restructured, the Offsite Agreement implemented, transition benefits instituted, and equipment and full-time support redistributed. Resources have been tiered against "first to deploy/support" units. These initiatives have not been easy and declining resources have exacerbated problems. But the bottom line is, "this is a stream-lined force ready to do its mission."

The priority of the Army Reserve remains, first -- and always -- ready units. To foster this position, adequate resources in personnel, money, and equipment drive readiness. The ability to stabilize force structure numbers to bring an end to continual downsizing becomes even more important. The help of Congress in the past is most appreciated. As the Community Based Federal Force, the Army Reserve is prepared and positioned to do its duty.

Mr. DORNAN. Thank you, General, for both participations. You had a little longer chance on this third panel to express your devotion to country and to try and reform things correctly. We are trying to be fair here and give all viewpoints a shot.

With that in mind, Major General Schofield, you can have equal time, sir.

**STATEMENT OF MAJ. GEN. ELVIN J. SCHOFIELD, USAR (RET.),
FORMER COMMANDER, 90TH ARMY RESERVE COMMAND,
SAN ANTONIO, TX**

General SCHOFIELD. Thank you, Mr. Chairman and distinguished members of this committee.

Mr. DORNAN. General Schofield, I have to make a deadline phone call. Reporters, you can feed them all of the information they need, but they always want one hot quote on the hoof. I have tried to give them what they want. I will be listening carefully to your words and will only be deflected for about 30 seconds by the LA Times.

General SCHOFIELD. I understand. Thank you.

Again, I thank you for affording me the opportunity to address this committee and to provide my perspective as a former commander of an ARCOM on the recently implemented plan to restructure and reduce by essentially half the Army Reserves command and control system.

I am opposed to this restructuring plan in its current form for several reasons which I will list and then explain. The following areas: training management and thus troop and unit readiness, mobilization, excessive span of control, use of FEMA boundaries, a lack of economy, flawed methodology, and the reduction in command and control by half without any sort of phased execution or mid-course reassessment all concern me deeply.

The fact that many of these areas are closely linked to one another only compounds this plan's shortcomings. As an ARCOM commander, my primary peacetime mission was to ensure that subordinate units within my command were properly trained. To be explicit, one of the primary responsibilities of all leaders within the military is to train subordinates.

I believe that the current reorganization plan fails our soldiers where training management is concerned. Specifically, each ARCOM or regional support command has limited resources to manage and support training.

The larger the geographic region that an ARCOM or an RSC has to supervise and support, the farther its resources and manpower are stretched. There exists an optimum size for each ARCOM region. Typically, in my opinion, it would include from between 6,000 to 12,000 soldiers. Although, that number could go up slightly in regions where the density was greater.

Several of our new regional support commands will have responsibility for over 25,000 or even 35,000 soldiers in regions as large as eight States. My experience tells me that this is unworkable.

The quality of training will diminish because there is less command presence. Subordinate units know commanders are serious about training because they see them at weekend drills. The commander is there inspecting and talking with the troops.

The current plan may fail in this respect because the sheer size of some of these regions will preclude any appreciable command presence or a sufficient level of support from the regional support command.

Regarding mobilization, many of our Army Reservists belong to units within the contingency force pool and are immediately deployable in the event of a major crisis. Thus, our Reserve command and control system must mobilize these units quickly.

Several of the proposed regional support commands, as I mentioned a moment ago, are excessively taxed in terms of the number of soldiers that they must mobilize in the event of a major conflict.

While I applaud the intent of this plan, we must strive for a balance between the current 20 ARCOM's which could stand some prudent downsizing and optimizing and this radical solution of only 10 regional support commands.

If key Reserve units don't arrive on time, then operations in theater are delayed and the cost of these delays just might mean the difference between failure and success. From my own experience and from the experience of many of my colleagues, we know that most ARCOMs function most efficiently within the range of this 6,000 to 12,000 soldiers.

In this respect, my objection to this current restructuring plan is again that several of the RSC's are simply too large. They have responsibility for too many soldiers over to large of an area.

No matter how the plan is explained an ARCOM on a regional support command cannot properly support its troops over such a large area. We spent the last 20 plus years learning just that lesson. How well or how poorly an ARCOM or an RSC functions on a day-to-day basis is largely a question of how many Reserve officers and non-commissioned officers it has within a moderate driving distance who will work at that installation on a regular basis to ensure that the work gets done.

The issue is one of Reserve officer and NCO density. In short, successful ARCOM's, despite what the measures of merit may imply are typically those that are located within large metropolitan areas where they can draw from a large pool of Reservists.

As the number of soldiers that an ARCOM or a regional support command is responsible for increases, so does the need for greater personnel density also increase.

Thus, the combination of greater centralization in terms of personnel for which a regional support command is responsible, coupled with the larger span of control, and in some instances, RSC placement in smaller cities that lack the population base to adequately support the installation on a day-to-day basis will, I believe, lead to considerable inefficiencies in training management and day-to-day administration.

An additional cause for concern is the prominence placed on the use of standard Federal regions or FEMA boundaries. While the Army Reserve has long been available to augment the Army National Guard in time of natural disaster, our primary focus and our primary mission must always remain to augment the total army.

Especially now that our active force is dropping to only 10 divisions. As Secretary Perry recently stated, the Reserves will now be

called on from day one. This is all the more reason to focus greater attention on our war fighting mission.

While I fully agree that our reserve forces must supplement the Guard on an as-needed or as-requested basis, to reorient the entire ARCOM structure around FEMA regions is misguided. Domestic support is a secondary mission that can be dealt with successfully without this wholesale change.

While I can appreciate the desire for some greater level of funding for training as expressed by this reorientation, I believe that this plan simply goes too far in cutting the number of ARCOM's.

Projected savings also warrant further investigation. If we retain ten regional support commands with greater staffing than the ARCOM's that they replace, and in addition retain garrison units at almost the man and strength as before reorganization, where are the savings?

One topic that has garnered a great deal of attention is the measures of merit which were used to evaluate each ARCOM installation. They are an interesting collection of measures, and I agree, a mistake in notion of what makes for an effective ARCOM operation.

The study's analytical framework, as it is called, deals primarily with measures of administrative efficiency. To illustrate, I will list just a few of them. Rate of congressional inquiries, percentage of late pay bonuses, percentage of late pay, percentage of incorrect pay, report of survey initiation and processing time, loss of personnel field gear such as wet gear and ponchos' and work orders.

In addition to work orders, older than 90 days, school no rate shows, reenlistment rates, rate of delinquent officer and non-commissioned officer efficient reports, excessive equipment rates. Where is the battle focus on these measures? They are administrative concerns.

These are secondary concerns in my opinion. The real measure of an ARCOM is training management and preparation for mobilization. In addition, if restructuring is believed to be the means toward greater managerial efficiency, consider this.

As I see it, the regional support command is rather a reflection of what a successful corporate management has rejected for the past 20 years, that is centralized management. In fairness, there are six measures that possess merit, but I asked the question, why the marked emphasis on administration?

Commanders whose priority is anything but training are doing their soldiers a grave injustice. Commanders are responsible for training, administration is secondary. Most of these measures can be corrected through good leadership.

In closing, I would like to say that wholesale restructuring isn't necessary to correct the shortcomings that do exist within the ARCOM system. Essentially, cutting the system in half in a time when our active Army force structure is so low is very risky. Our challenge isn't simply to reduce command and control in order to save money or to reorient our mission for the sake of training dollars.

In this day and age when our military forces are downsizing, we must ask the fundamental questions. We must focus on the primary missions all the more. Should we downsize the ARCOM sys-

tem? Indeed, we must, but let us proceed in a rational and professional manner based on lessons learned over these 20 plus years.

It is my sincere hope as a career citizen soldier concerned with the future readiness of the Army Reserve that you will soon take action that will stop this reorganization plan. The future of the Army Reserve is inseparably linked to our national defense and the capabilities of America's Army to be ready to respond to the needs of our Nation in both war and in peace.

If we are to learn anything from our own military history, we can conclude that deficits in readiness and preparedness have not only cost our Nation more money and time in the long-run, but the loss of an irreplaceable resource and that is the lives of our sons and daughters.

I implore you to request that the Chief of the Army Reserve halt this reorganization plan until further study and considerable revisions are made.

I respectfully thank each of you for allowing me this opportunity of this public forum to share my thoughts and concerns on this matter. Thank you.

[The prepared statement of Major General Schofield follows:]

Statement by MG Elvin J. Schofield, USAR, (Ret.),
Former Commander of the 90th ARCOM,
before the
HNSC Personnel Subcommittee Hearing on
the Army Reserve Command (ARCOM) Restructuring
and Reorganization Plan
March 23, 1995

Mr. Chairman and distinguished members of the committee, thank you for affording me the opportunity to address the committee and to provide my perspective as a former commander of the 90th ARCOM on the recently implemented plan to restructure, and reduce, by essentially half, the Army Reserve's command and control system.

I am opposed to this restructuring plan, in its current form, for several reasons, which I'll list and then explain. The following areas - training management and thus troop and unit readiness, mobilization, excessive span of control, use of FEMA boundaries, a lack of economy, flawed methodology, and the reduction in command and control by half without any sort of phased execution and mid-course reassessment - all concern me deeply. The fact that many of these areas are closely linked to one another only compounds this plan's shortcomings.

As an ARCOM commander, my primary peacetime mission was to insure that subordinate units within my command were properly trained. To be explicit, one of the primary responsibilities of all leaders within the military is to train subordinates.

I believe the current reorganization plan fails our soldiers where training management is concerned. Specifically, each ARCOM, or Regional Support Command, has limited resources to manage and support training. The larger the geographic region that an ARCOM has to supervise and support, the farther its resources and manpower are stretched. There exists an optimum size for each ARCOM region, typically it will include from between 6,000 and 12,000 soldiers, although the number can go slightly higher in a few regions.

Several of the new Regional Support Commands will have responsibility for over 25,000 or 35,000 soldiers in regions as large as eight states. My experience tells me that this is unworkable. The quality of training will diminish because there's less command presence. Subordinate units know Commanders are serious about training because they see them at weekend drills; The Commander is there, inspecting, and talking with the troops.

The current plan may fail in this respect because the sheer size of some regions will preclude any appreciable command presence or a sufficient level of support from the Regional Support Command.

Regarding mobilization, many of our Army Reservists belong to units within the Contingency Force Pool, and are immediately

deployable in the event of a major crisis. Thus, our Reserve command and control system must mobilize units quickly. Several of the proposed Regional Support Commands, as I mentioned a moment ago, are excessively taxed in terms of the number of soldiers that they must mobilize in the event of a major conflict. While I applaud the intent of the plan, we must strive for a balance between the current twenty ARCOMs, which could stand some prudent downsizing and optimizing, and this radical solution of only 10 Regional Support Commands. If key Reserve units don't arrive on time, then operations in theater are delayed and the cost of these delays just might mean the difference between failure and success.

From my own experience, and from the experience of my colleagues, we know that most ARCOMs function most efficiently within the range of 6,000 to 12,000 soldiers. In this respect, my objection to the current restructuring plan is, again, that several Regional Support Commands are simply too large; they have responsibility for too many soldiers over too large an area. No matter how the plan is explained, an ARCOM, or a Regional Support Command, can not properly support its troops over such a large area. We've spent the last twenty-plus years learning just that lesson.

How well or how poorly an ARCOM or RSC functions on a day-to-day basis is largely a question of how many Reserve officers

and non-commissioned officers it has within a moderate driving distance who will work at the installation on a regular basis to ensure that the work gets done. The issue is one of Reserve officer and NCO density. In short, successful ARCOMs, despite what the "measures of merit" may imply, are typically those that are located within large metropolitan areas, where they can draw from a large pool of Reservists. As the number of soldiers that an ARCOM, or Regional Support Command, is responsible for increases, so does the need for greater personnel density also increase. Thus, the combination of greater centralization, in terms of personnel for which a Regional Support Command is responsible, coupled with a larger span of control and, in some instances, RSC placement in smaller cities that lack the population base to adequately support the installation on a day-to-day basis, will, I believe, lead to considerable inefficiencies in training management and day-to-day administration.

An additional cause for concern is the prominence placed on the use of Standard Federal Region or FEMA boundaries. While the Army Reserve has long been available to augment the National Guard in time of natural disaster, our primary focus, and our primary mission must always remain to augment the Total Army, especially now that our Active force is dropping to only ten divisions. As Secretary Perry recently stated, the Reserves will now be called on from day one. This is all the more reason to

focus greater attention on our warfighting mission. While I fully agree that our Reserve force must supplement the Guard on an as-needed and as-requested basis, to reorient the entire ARCOM structure around FEMA regions is misguided. Domestic support is a secondary mission that can be dealt with successfully without this wholesale change. While I can appreciate the desire for some greater level of funding for training as expressed by this reorientation, I believe that this plan simply goes too far in cutting the number of ARCOMs.

Projected savings also warrant further investigation. If we retain 10 Regional Support Commands with greater staffing than the ARCOMs they replace, and in addition, retain garrison units at almost the manning strength as before the reorganization, where are the savings?

One topic that has garnered a great deal of attention are the "measures of merit," which were used to evaluate each ARCOM installation. These are an interesting collection of measures, and I'd argue, a mistaken notion of what makes for an effective ARCOM operation. The study's analytic framework, as it's called, deals primarily with measures of administrative efficiency. To illustrate, I'll list a few of them: rate of congressional inquiries, percentage of late pay bonuses, percentage of late pay, percentage of incorrect pay, Report of Survey initiation and processing time, loss of personal field gear such as web gear and

ponchos, work orders older than 90 days, school no-show rates, re-enlistment rates, rate of delinquent Officer and Non-commissioned Officer Efficiency Reports, and excess equipment rates. Where's the battle focus in these measures? These are administrative concerns. They are secondary concerns. The real measure of an ARCOM is training management and preparation for mobilization.

In addition, if restructuring is believed to be the means toward greater managerial efficiency, consider this: As I see it, the Regional Support Command is rather a reflection of what successful corporate management has rejected for the past twenty years -- centralized management.

In fairness, there are six measures that possess merit, but I must ask this question: Why the marked emphasis on administration? Commanders whose priority is anything but training are doing their soldiers a grave injustice. Commanders are responsible for training; administration is secondary. And most of these measures can be corrected through good leadership in personnel.

In closing, I'd like to say that wholesale restructuring isn't necessary to correct the shortcomings that do exist within the ARCOM system. Essentially, cutting the system in half in a time when our Active Army force structure is so low is very

risky. Our challenge isn't simply to reduce command and control in order to save money, or to reorient our mission for the sake of training dollars. In this day and age, when our military forces are downsizing, we must ask the fundamental questions, to focus on the primary missions all the more. Should we downsize the ARCOM system? Indeed, we must, but let us proceed in a rational and professional manner based on lessons learned over the past twenty-plus years.

It is my sincere hope as a career citizen-soldier concerned with the future readiness of the Army Reserve, that you will soon take action that will stop this reorganization plan. The future of the Army Reserve is inseparably linked to our national defense and the capabilities of America's Army to be ready to respond to the needs of our nation in both war and in peace. If we are to learn anything from our own military history, we can conclude that deficits in readiness and preparedness have not only cost our nation more money and time in the long run, but the loss of an irreplaceable resource: the lives of our sons and daughters. I implore you to request that the Chief, Army Reserve halt this reorganization plan until further study and considerable revisions are made.

I respectfully thank each of you for allowing me the opportunity of this public forum to share my thoughts and concerns on this matter.

Mr. DORNAN. Thank you; another fine presentation.

I now would like to ask my Democrat leader on this subcommittee if he has any questions; Mr. Pickett of Virginia.

Mr. PICKETT. Thank you, Mr. Chairman. I tried to listen carefully to what was said here. I appreciate both of our witnesses today. Anytime I hear the comment about "further study" in a government operation, I must tell you that it causes me very deep and grave concern.

Of all of the things that I see happen in the Federal Government that causes me to be concerned about whether it can get things right or not, it is what may be called "analysis paralysis."

At some point, you have got to stop talking about what you are going to do and do something. I believe that in the present case here that we have had a situation where the person that is in charge and has the responsibility for an effective organization has publicly and over a fairly long period of time worked to develop a plan, while it may not be perfect, it is one that he thinks is workable and is going to serve the needs of the Reserve.

I think it is always good to be critical of any kind of a proposal; to register observations, thoughts, concerns and all of those kinds of things. I would rather see something done than nothing done is my approach on an issue of this kind. It strikes me that with a 40 percent reduction in the size of the force from 319,000 to 208,000 and coming down from 20 to essentially 13 management units is a prudent move on the part of the Army Reserve.

I would hope that while we appreciate very, very much the objective comments on thoughts about why this may not be the very best plan and we can bear those in mind for future evaluations of the results of what we have here, that we should not hold up action. We should move ahead and get something done.

I know that we tried to have something happen in the case of the Army Corps of Engineers. About five studies costing millions of dollars were made. To this day, nothing in the way of a constructive realignment has occurred.

I would urge the people on this committee to carefully view this and to hopefully bring about the change that is needed if we are going to have an efficiently run smaller force.

Mr. Chairman, I thank you very much.

Mr. DORNAN. I thank you. That was a valuable comment. I would like to ask Mr. Buyer if he has any questions.

Mr. BUYER. Mr. Chairman, if I may yield to Mr. Talent and Mr. Tiahrt because I came in late. This is their particular issue, then I will reserve my time.

Mr. DORNAN. All right. As far as my vice chairman here, I wanted to give you that option. Even though it is one continuous subcommittee hearing, I don't know, at some point, I'm going to have to see if I can exercise a rule that when you have panels, we don't have to maintain the same order of merit for those who are there at the beginning if they have interest in the second or third panel. If they are there when the gavel comes down for that panel, that we go back to normal show-up rules.

In this case, I will go to Mr. Tiahrt first as a regular member of the subcommittee and then Mr. Talent is a member of the full National Security Committee. Mr. Tiahrt of Kansas.

Mr. TIAHRT. Thank you, Mr. Chairman.

There is no doubt that the Army Reserve is very important to this country. We can't understate the importance of that need. However, we all recognize that we are downsizing. The cold war is over. We have budgetary problems. Even though the world is a very dangerous place, we still have to go through this downsizing.

Through our Contract With America, we are trying to, in other parts of Government, effectively downsize. To see it as a success story of this type is encouraging because we know that other departments, other agencies are going to have to go through a similar downsizing.

I commend you, General Baratz, for having the ability to preserve forward command control and go through this reorganization. Apparently, it has been needed for some time. In my view, after reviewing it, I think it is a credible plan. It reduces the redundant headquarters. It maintains the readiness of the Army Reserve.

It reinvests scarce resources to improve the Army Reserve's ability to mobilize if the Nation should call. I feel confident in the plan because it goes just beyond the group that did this study. It has been endorsed by senior Army leadership.

They validated the effort. The Secretary of the Army has signed it off. It was signed off in January. Think of it as if it were a piece of wood that was on the Missouri River, at St. Louis, the Mississippi River at St. Louis.

By now, it would be down somewhere about Memphis. The process is in place. It is continuing. I think to stop this, I have some grave concerns. I think it cost about \$7.6 million to run an ARCOM per year. If we delayed this for a year, the ten ARCOMs would be \$76 million that we would waste.

I think that we have heard testimony time after time here that there is a great need for more funding. We must be frugal. We can't waste these resources. So, we have this smaller more efficient setup that is still going to meet the needs of the people.

As I understood in reviewing this study, General Baratz, you believe that there will still be the ability to communicate even though we have increased the region sizes; even though we have increased the number of personnel that these commands will still be able to effectively communicate to the soldiers?

General BARATZ. Let me talk to that for a minute because this is a changing world. In a changing world, training methodology that existed when Schofield commanded the ARCOM no longer exists today. The ARCOM doesn't do the same thing. He is absolutely correct that this is a restructuring of what the ARCOM is doing to a regional support command.

Two years ago, the Army held a study which I alluded to earlier called the Total Army Training Study known as TATS. In that study, the Army said you need to make training methodology that supports the Army Guard, the Army Reserve and, if possible, their Active.

So, whole new units exist across the country. We have five division exercises which do collective training. Half of that division does simulation to utilize the information highway that is coming up across the country; directed learning, if you will.

The other half does lanes training. We no longer use the ARCOM headquarters as the primary driver in training. Seven new institutional divisions will be set up which do initial entry training to take the PERSTEMPO off the Army and will, to what you might think of as a school system or a college system, but we call them brigades in the Army. There will be six of those.

The School of Combat and the School of Leadership, which will be run by the Army Guard. The Schools of Health Services, the Schools of Combat Support, Combat Service Support and Officer Education which will be run by the Army Reserve, all under an Army Reserve Headquarters which covers 7 regions which are coincidental with the 10 regions that we have used to set these up. So, training is no longer driven, if you will, at the ARCOM level as it was in the past. Training is now driven by lanes training at the division exercises.

The schools that used to be in the 90th which General Schofield commanded have now moved away from the 90th, nine of them, and moved to the divisions and to institutional training. This is a changing world.

The question is, Will the 10 headquarters be able to do their job. The answer is unequivocally yes because a lot of the jobs that the old ARCOM's did have changed in the new organizations which exist across the United States to support the Army Reserve because we are maximizing our money, also the Army Guard and the Active component.

Mr. TIAHRT. General Schofield, if I understand this right, the new organization is trying to accommodate the new methods of training as General Baratz just described. How would you envision organizing the ARCOM structure to facilitate the training as you see it?

General SCHOFIELD. First of all, let me say that I am not opposed to change. It may be coming across that I am. I believe that we must change. I tried to say that in my remarks.

I just think the change that we are going through is too drastic. That we are pulling down the ARCOM's or the regional support commands to a too small of a number.

We do not ask the Active component two-star commands to command and control 25,000, 35,000 soldiers, but yet we are asking a two-star command in the Reserve forces to do that. The question I would ask and, yes, it has been a few years since I was the ARCOM commander.

If the units that are attached to these regional support commands are the responsibility of that two-star commander, if they are being rated, if that commander is being rated as far as the OER, then I would tell you that I would feel like I had the training responsibility.

I have the responsibility to ensure that those units, those TPU units that were under my command were fully mobilized. Yes, I have the assets out here of the schools and all of the other training organizations to utilize, but it is my responsibility as the commander to ensure that those commands are organized properly and trained properly.

You asked the question of how I would organize it. I can't tell you exactly what I would do. I think the plan needs to be looked

at. If an unbiased group were to look at it and say, hey, this is the best thing for us to do, then I would have no objection.

I think other citizen soldiers would have no objection. I do believe that the number of troops that we are asking some of these RSC's to command is too large. Maybe, maybe the right number is 15 RSC's rather than 10; maybe it is 16; maybe it is 14. I don't know the answer, but I think it needs to be looked at.

With all due respect, Mr. Pickett, I would rather take a few months and make sure we were doing the right thing than 1 year from now or 2 years from now look back and say, I sure wished we hadn't spread them quite so thin.

Mr. TIAHRT. Mr. Chairman, I have a few more questions. I will submit them for the record.

Mr. DORNAN. I let you go long because it is important. You and Mr. Talent have really shown a tremendous interest in this.

Let me give Mr. Talent the floor now. I will not hold you to the red light, Jim.

Mr. TALENT. I appreciate that, Mr. Chairman.

Mr. DORNAN. We can go an initial round if you both have follow-up questions. Mr. Buyer may weigh in here too. So, Mr. Talent the floor is yours with a very loose gavel here; soft gavel.

Mr. TALENT. I thank you, Mr. Chairman. I haven't had the pleasure of serving on this subcommittee this year. It is nice to be on a subcommittee with a Chairman with a soft gavel. It is not all that usual.

I appreciate your holding a hearing on this issue which I consider to be very important because of the tremendous importance of the Reserve component to America's Army. I would like to thank both witnesses for being here.

I really sympathized personally with a lot of the comments General Baratz has made. Clearly, you are struggling to preserve the efficiency of a very efficient force in the time of declining dollars. When you talked about trying to find ways to make them work and shifting money from one place to another and struggling with the new reality, I sympathized with it personally.

That is exactly what we are doing on the scale of the Government as a whole. On the other hand, I don't want a situation where we are making a change that is primarily budget-driven; especially a change that effects a component that is increasingly vital to our ability to project force abroad.

I had a lot of concerns when I heard about this plan. Then more concerns when I looked into it. I want to raise them with you and you can comment on them if you would, and then General Schofield might want to. I don't really care of the order that you go in.

A lot of these have been raised in General Schofield's testimony. I will try and summarize where he has covered some of the comments that I have to make.

In the first place, we all know how well the Reserve component performed in Desert Shield and Desert Storm. It mobilized effectively. It mobilized more units than I think have ever been mobilized before. It got them there on time.

It is the responsibility of the ARCOMs, the command and control structure, which I don't think this has changed, if it has changed,

it is certainly news to me, to keep these forces ready and then to mobilize them.

They are the key, the linchpin in the whole process. That is a process that worked. It is a command structure that worked. So, the first question I guess I have is why fix something—I'll go ahead and ask all of these and then you can comment.

Why fix something that not only isn't broken, but that works so well? Why other than dollars? Yes, we are downsizing. I don't know exactly the figures. I don't think the total end strength of the Reserves is that much less than it was in the late 1960's when the 20 ARCOM structure was originally designated and established.

In any event, I don't want to be penny-wise and pound-foolish. If this is a command and control structure which is doing what we wanted it to do and it was test-run and it worked in 1991, I don't want to do it and be penny-wise and pound-foolish and not be able to project force abroad.

Why are we fixing something that not only isn't broken, but has worked so well, other than the budget?

Second, I still don't understand why reorganizing this around FEMA boundaries? It seems to me to be an arbitrary designation. Yes, there are some domestic relationships. There is a sense in which the Reserves have to deal with agencies for environmental matters.

That makes sense to think maybe in terms of these standard federal regions. The other federal agencies that are organized along these regions don't have as their primary responsibility projecting force abroad; keeping combat forces ready and projecting them abroad.

I appreciate your saying this does not pre-stage a change in the roles and missions of the Reserves so that they will be more involved in domestic missions, the kinds of things that FEMA does.

That then raises the question, why 10 and why along FEMA boundaries?

When I looked into the matter, I consulted with a number of senior officers; some of them your predecessors, U.S. Army Reserve commanders who indicated to me as General Schofield said that it has always been considered 8,000 to 10,000 maybe a little more or a little less is the optimum size of an ARCOM.

We are dealing now with a reorganization plan that has some regional support commands at two times that, some at three; one at almost four. Given that, and I guess what you are telling me about training is that the RSCs are no longer going to be primarily responsible for training.

Still, they are going to have some involvement in it. How is the two-star going to get around to a five-state region and have a presence that I think is necessary if you are going to command or have these troops ready and fit to be mobilized.

I think what we are going to see is a real decline in presence of top level commanders in these extremely large regions. How are you going to handle the volume of work in the new headquarters; particularly in ones that are located in areas where few of the top level people live?

You are moving the one from San Antonio to Little Rock. I don't imagine that most of the officers live there. They can't get down to the office as much.

How are they going to be able to keep in touch as well as they have been able to keep in touch in the past? Mobilization is a very serious concern of mine. In Desert Shield, again, everybody got it right. Everybody got it on time. We had 6 months. We were able to mobilize largely one unit after another.

We are not going to have that luxury the next time. We are going to have to mobilize a lot of these units all at once. I doubt if we are going to have 6 months. What happens if the balloon goes up while we are doing this?

I can't believe we can convert to a structure that is radically different without taking at the very minimum a significant period of time to reconstitute and get up to an efficient level even if we can get there.

I have concerns about the Measure of Merit standards that were used. You indicated they were a small part of the process of deciding which RSCs were designated and which weren't designated. Then it raises the question, what were the other criteria for decision-making.

Most of these are administrative. The primary function of the Reserves is, of course, to be ready for combat. There are just a whole series of questions that I would raise about this and not about the issue of whether some consolidation might be appropriate.

The question about whether we are going a bridge too far with this and whether it is necessary to do it all at once. Whether we couldn't stage this; see how the first stage worked and then move on after that point.

Mr. DORNAN. Would the gentleman yield for 1 second?

Mr. TALENT. Sure; certainly. I'm almost finished, Mr. Chairman.

Mr. DORNAN. That's all right. I don't want them to rush. I don't want them to think that I don't think this is an excellent exposition of the facts surrounding this and we will probably address it as we approach the authorization bill for defense authorization for fiscal year 1996.

One of our colleagues and a fellow dynamic freshman from Mr. Tiaht's class, Mr. Stockman, says he has a defense problem with one constituent who is in his office. Being a new chairman trying to accommodate even one member at a time, I said I would show up in his office in the Cannon Building and attempt to resolve this problem from one constituent.

I am going to turn the Chair over to my Vice Chairman, Mr. Buyer, and then go help Mr. Stockman. I will keep track of this issue with both of you.

I thank both of the General officers for, I repeat, an excellent, excellent exposition of this issue. Thank you.

Mr. TALENT. I will close and then I want to give both Generals an opportunity to comment. I have statements which I would ask unanimous consent to submit for the record, Mr. Chairman, from three former Army Reserve commanders.

[The following prepared statements were submitted for the record:]

23 March 1995

Statement to the House National Security
Personnel Subcommittee on
Army Reserve Command (ARCOM) Reorganization

From: William F. Ward, Jr., Major General, AUS (RET.)
Chief, Army Reserve (1986-1991)

Mr. Chairman and members of the subcommittee, I thank you for the invitation to provide this statement for the record on the subject of Army Reserve Command and Control, specifically, the number, location and mission alignment of the ARCOMs. First, General Baratz should be supported in his attempt to realign the number of ARCOMs. When I was Chief, Army Reserves, during 1989 and 1990, my staff produced a plan for reducing the number from 20 to 15 by realigning boundaries and missions to reflect the shrinking force structure planned and to optimize command over certain units whose density and mobilization mission had changed over time. The real question involves the end number, the missions, and the timing of the program to get to the end state.

Obviously, the ARCOMs chosen for retention must reflect characteristics that contribute to effective mobilization of the units in each ARCOM. The Panama operation, realignment of Special Operations units into SOCOM, and the Desert Shield/Storm mobilization caused me to postpone putting the plan into final approval and execution. When I retired in August 1991, I had planned to refine the original program and process it for approval and implementation, based on the lessons learned in

Panama, and particularly, the Gulf War. The spaces which would be harvested would be applied to strengthening certain functions, especially resource management in the realigned ARCOMs and Functional General Officer Commands. Simply, I was convinced that some realignment was both desirable and executable to improve mobilization response. The questions are, how many, where, and over what period of time, with all the subsidiary issues to be articulated in a comprehensible framework.

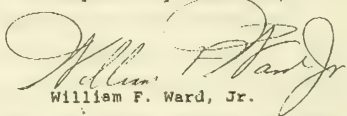
The "Measures of Merit" used in the selection process seem to be valuable but not determinative mobilization measures. ARCOMs with few units and simple administrative needs and adequate resources can prevail over better mobilizers. Validation of that issue and the ability of geographic areas to support both the ARCOM headquarters and major subordinate commands as well as the ARCOM's interface with supporting bases need to be considered. Coupled with the above consideration is the requirement to revalidate the remaining ARCOM's post-mobilization missions in light of new Garrison structure and BRAC. If this has not been done, then it should be.

In specific terms, can all the designated ARCOMs maintain the density of officer and non-commissioned officer strength, by grade and specialty, as successfully as ARCOMs which have not been considered for retention?

Clearly, our nation needs the best possible command and control structure affordable. This hearing can be helpful in both developing and validating that structure. We are all striving for that result. Nobody would want a structure that was

grossly overstaffed or, on the other hand, put the most effective mobilization at risk. Some elements of the managerial art are critical in this matter, and the collective wisdom of those with responsibility both to lead and raise this Army can, and I'm sure, will provide the optimum result.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "William F. Ward, Jr.", written in a cursive style. The signature is positioned above the printed name.

William F. Ward, Jr.

Statement By

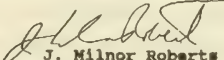
23 March 1995

Major General J. Milnor Roberts, AUS, (Retired)
Chief, U.S. Army Reserve (1971-1975)
Deputy Chief, U.S. Army Reserve (1970-71)
Executive Director, Reserve Officer Association (1975-1984)

The Army Reserve Command (ARCOM) command and control restructuring and reorganizing plan, announced 4 January, 1995, by the Secretary of the Army, should not be implemented without additional review because of its negative impact on the readiness posture of the United States Army Reserve and its financial impact at a time of serious budget constraints.

I believe that the National Security Committee of the U.S. House of Representatives should direct the Secretary of the Army to stop implementation of this controversial plan at the earliest opportunity. Further, the Secretary should appoint a panel of experienced retired USAR officers to conduct a review of this proposed plan. A report prepared by this panel should be submitted to the Secretary of the Army and the House National Security Committee by the end of this fiscal year.

Respectfully,



J. Milnor Roberts

Statement by

23 March 1995

Major General Henry Mohr, AUS, (Ret.)
Army of the United States
Former Chief, Army Reserve (1975-1979)

For the House National Security Subcommittee on Personnel:

Mr. Chairman and distinguished Members on the Subcommittee, thank you for allowing me to express my concerns about the ongoing, but flawed reorganization of the Army Reserve's Command system, announced by the Secretary of the Army on January 4, 1995.

It is unfortunate that the present Chief, Army Reserve has steadfastly refused to halt or even to reconsider changes to his reorganization plan, especially given its obvious shortcomings.

It is unwise to reorganize the present ARCOM command structure, which has been tested and proven under actual operational conditions, and replace it with a structure that is inferior, over-extended, and which would assume responsibilities impossible to manage with its limited capabilities over the great distances involved for many of the proposed Regional Support Commands (RSC).

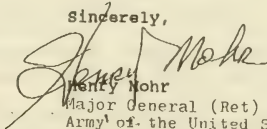
On average, under the current proposal, one RSC would have responsibility for Army Reserve units in five states. Region IV, located in the southeast, would have responsibility for eight states. Command responsibilities include administration, logistics, training management, mission readiness and deployability, none of which could be performed satisfactorily with such large spans of control.

Even with augmentation from three Regional Support Groups (RSGs), the Command and Control system's ability to adequately command, supervise, train, support, and deploy Army Reserve units in a crisis will be unsatisfactory. This contrasts sharply with the proven capabilities of the present system of ARCOM installations, which mobilized well-trained and deployable Army Reserve units for Desert Shield/Storm, Grenada, Panama, Haiti, and other recent contingencies.

By reorganizing the Army Reserve command system along FEMA region boundaries, the new structure will, according to documents furnished to Congress, "provide intrinsic value to the Administration's domestic agenda." Exactly how this would be accomplished, or what benefits might be accrued, has not, to my knowledge, been defined.

I have serious reservations concerning the ongoing reorganization of the Army Reserve's command and control structure. This is an ill-advised policy, and it should be halted immediately so that the need to reorganize command and control can be thoroughly reassessed by a panel of retired Chiefs, Army Reserve.

Sincerely,



Henry Mohr

Major General (Ret)
Army of the United States

Mr. TALENT. I am not going to read much of this statement.

General Roberts said that: "the ARCOM command and control restructuring and reorganizing plan that we are considering here should not be implemented without additional review because of its negative impact on the readiness posture of the Reserves."

General Moore's statement reads to the same effect. General Ward's statement does not go that far. He does question seriously the measures of merit. He says, "Validation of that issue, the measures of merit issue, and the ability of geographic areas to support both the ARCOM headquarters and major subordinate commands as well as, the ARCOM's interface with supporting bases need to be considered.

"Coupled with the above consideration is the requirement to revalidate the remaining ARCOMs' post-mobilization missions in light of new garrison structure and BRAC. If this has not been done, then it should be."

He clearly counsels some reconsideration of this. I think in light of these concerns raised by these senior officers and one of the witnesses here, this is one of these situations where a little more consideration is warranted.

I will just close by saying, again, we are dealing with a component that is the linchpin of our ability to project force abroad. As much as I want to save money, I think we are past the point where we can continue to drive decisions about the armed services by budgetary considerations.

I appreciate very much the position that General Baratz is in and his hard work on this. Again, I think that everybody here is in agreement that some consolidation is warranted. If we didn't push we would never move anywhere.

I just wonder whether we are going a bridge too far. I have talked long enough. I appreciate the witnesses' comments.

Mr. BUYER [presiding]. Before the Chairman left he said there would be a second round. So, we will do that. There are no objections, are there?

I have a couple of questions. I don't have any particular—did I interrupt? Jim, did you want comments from the Generals?

Mr. TALENT. I wanted comments on the points that I raised, if they have any. I want to give them an opportunity.

Mr. BUYER. Please go ahead.

Mr. BARATZ. First of all, this is not budget-driven, Mr. Talent. It is clear that I need to recoup money, but we are dealing with an archaic structure here. A structure based on the cold war; a structure that does not leverage moving towards a readiness of the Army Reserve; a structure that is not productive.

The question was, what do you do with a structure that was built, as you point out, in 1960 and we are in 1995? The answer is, we have to re-transform that structure so that it is valuable to the Army Reserve. Could we mobilize today or could I mobilize in 30 days if I had done this, the answer is unequivocally yes. I would also tell you that in this process, you are not going to make everybody happy. There is no such thing as 100-percent solution. But I am here to tell you that this solution is a 90-percent solution and I feel very comfortable with it.

We keep tripping over the FEMA boundaries. First of all, I didn't deal in FEMA boundaries. I dealt in standard Federal regions. Standard Federal regions do a number of things for me. First of all, the Active component is downsizing from five CONUS to two CONUS.

By the end of June of this year, we will have two continental armies. They are based in standard Federal regions. The standard Federal regions, as a matter of interest, gave me what you talked about, the span of control issue.

I have then an ARCOM, now an RSC in Salt Lake City that had too large a span of control. By going to the standard Federal regions as an offset, it took the State of Idaho and moved it over to the 124th RSC. It took the State of California which was split and homogenized that with the way it should have been.

There are a lot of reasons why we used standard Federal regions. None of them had to do with the domestic missions. Interestingly enough, in each standard Federal region, the Army Reserve had a headquarters which interfaces with FEMA. I think that is where the confusion results over this.

FEMA paid for the civilians in those headquarters with a money problem and said, we no longer can pay, but we would like the service continued. Those units were not made out of my unit accounts but made out of my individual accounts.

One of the beauties of putting this in the standard Federal region, because FEMA is also a standard Federal region is I was able to take those units, move them under the RSC, and provide the clerical overhead. I cannot remember all of your questions. I am old. You will have to excuse me.

Mr. TALENT. I'm getting old very fast, General, I appreciate that.

General BARATZ. I would take your legs and age in a trade if I could.

Mr. TALENT. I'm used to the normal 5-minute rule where you ask all of your questions at once so you can be certain that you get them in. If you have additional comments, maybe on the—well, you have answered pretty much, I guess are the answers you are going to give on the training.

Let me just follow up. You said it is an archaic structure. Again, I admire you and the people who came before you for beginning to look at how to change this thing.

My concern is it is an archaic structure that worked pretty well only 4 years ago. It is not so archaic that it wasn't able to function pretty well in a post-Cold War situation.

Mr. BUYER. Let me, just so you don't dominate.

Mr. TALENT. I will certainly desist. I'm sorry, Mr. Chairman.

Mr. BUYER. Let me intervene. I have a couple of points. I don't have an ARCOM in my district. I have some curiosities at the moment.

One in particular is this. You said you were one of the first called up to do mobilization during Desert Shield, Desert Storm to go to Atlanta. So you were responsible for the call-up?

General BARATZ. The answer is basically yes, but don't say I was responsible for the call-up. I managed the call-up.

Mr. BUYER. That is interesting.

General BARATZ. The guy in Iraq, sir, was responsible for the call-up.

Mr. BUYER. It has been 4 years since I have been looking for the guy that was responsible for calling me up. Everybody gives me that answer. I'm still looking. You are on the list though.

Let me ask a particular question. When you made the decision based on trying to use measures of merit, I guess, in an analytical framework to help make the decision, do you recall where the 123rd ARCOM ranked?

General BARATZ. Somebody back here knows.

Mr. BUYER. If you could look that up and let me know that.

The other is, earlier you said that there were five individuals, five Generals of the ARCOM that went to Atlanta to make a decision. My curiosity is, of these five that participated in helping make these decisions, did all five walk away with their own ARCOMs?

General BARATZ. Let me answer both questions. The answer to question one is they were 13th out of 20.

Mr. BUYER. They were 13th out of 20.

General BARATZ. The answer to number two is, no. The five commanders which came from across the country, three of which sit behind me, the commander of the 86th which is one of our largest ARCOMs had close to 16,000 people under the ARCOM system, went back home to tell his people that they were going away.

So the 86th disappeared out of one of the five. General DeLaverne who sits in back of me went home to tell his ARCOM that we were going to change the lines radically and that they would lose a substantive portion of their strength and their troop strength as it would be moved to the 63rd where it was easier to run.

So two out of the five ARCOMs, one went home and his command disappeared completely. The second one had a large radical change in how he looked.

Mr. BUYER. Here is one of the things. To me, this is not an issue so much about—I listened to Mr. Talent's comments. I agree with you about the archaic structure. After my comments today, I'm not going to receive the Minuteman Award from the Guard Bureau. Let's be realistic here.

A lot of people have touched that one on its hind end and lost. I understand about archaic structures and trying to win that battle.

I am looking more at the credibility issue of this one. The credibility issue meaning if you are going to set out rank measures of merit, then please explain to me why only 6 out of the top 10 made it? How come you chose 1 that was ranked 11th, 1 that was ranked 15th, 1 that was ranked 16th and 1 that was ranked 18th?

General BARATZ. This is a very easy explanation. Let me do it this way.

Mr. BUYER. I can tell you from my perspective. I don't know a lot about this. It begins to dilute the credibility of the decision.

General BARATZ. First of all, you need to keep in mind that measures of merit were only one of a number of activities that were looked at. But let's say that we only took the measures of merit and you forgot everything else that we did in this study.

If the 4 ARCOMs that existed in the West Coast were 20, 19, 18, and 17, and we did what you said, take the bottom 10 and keep the top 10. I think that's what you said to the old soldier. Then we would have diluted any management headquarters on the West Coast. They would have all been gone.

What we did was utilize the 10 standard Federal regions and looked at the ranking inside the region with a whole lot of other things. What happened here is, you had number one and two, although they weren't close, if you used the rankings only in the same standard Federal region, the one in St. Louis and the one in Wichita. We kept the one in Wichita.

That is why there are aberrations and why you can't just use the measures of merit just to look at. Everybody is hung up on that. In my own way, I am almost sorry we used them because everybody is focused on the measures of merit and not realizing there was a whole lot of other things that went into this study.

Mr. BUYER. Thank you, General.

General BARATZ. If I could say one other thing because it is hard to stop me sometimes when I get going, sir. Two ARCOMs are in the same State. Common sense would tell you even if they are one and two you shouldn't keep them.

Mr. BUYER. I agree.

To my colleagues, we have a vote on, and I know we were going to do a second round. I will receive input. What do you guys want to do?

Mr. TALENT. I'm finished, Mr. Chairman.

Mr. BUYER. I yield to my colleagues to say if you have further questions submit them for the record. Would that be all right, Mr. Tiahrt?

Mr. TIAHRT. That would be fine with me. I realize that we do have a series of votes coming up here and we are going to have to yield to that.

Mr. TIAHRT. I appreciate the witnesses for hanging around.

Mr. BUYER. I appreciate the panels today. We are going to go ahead and adjourn this. We stand adjourned.

[Whereupon, at 5:20 p.m., the hearing recessed.]

[The following questions and prepared statements were submitted for the record:]

OPENING STATEMENT
CONGRESSMAN TODD TIAHRT
U.S. ARMY RESERVE COMMAND AND CONTROL RESTRUCTURE
MILITARY PERSONNEL SUBCOMMITTEE
HOUSE NATIONAL SECURITY COMMITTEE
MARCH 23, 1995

Thank you Mr. Chairman. Welcome gentlemen, I am glad you are here to discuss this important issue. The role of the Army Reserve in the defense of this country can not be under stated. As a result, it is imperative we have a full and frank discussion about the reorganization of the command and control structure of the Army Reserve.

We all recognize that the end of the Cold War and the collapse of the Soviet Union has changed the military equation in the world and dictated a smaller U.S. military. However, the world is still a dangerous place and there is still a need for a strong national defense. I am concerned, as are others, that the Department of Defense may be reducing too far, too fast. Our Contract With America recognizes the need to downsize and streamline the federal government where possible, while maintaining a strong and credible national defense. On the surface, this plan, with a one-third reduction in command and control headquarters, may seem too far, too fast to some, which is the reason we are here today. However, after my review of the plan I feel confident you can assure us this plan does not go too far, or too fast, and is good for America and America's Army.

As we all know, whenever and wherever the military is asked to reduce, the task is not an easy one. This plan appears no less painful. As early as 1989, Major General William Ward, then Chief, Army Reserve, recognized the need to reduce redundant and unneeded command structure in the Army Reserve, even in a time when he could afford to maintain them. Therefore, I commend you, General Baratz for having the ability and perseverance to bring forward a command and control reorganization plan which apparently has been needed for several years. The result in my view is a credible plan, which cuts redundant headquarters, maintains the readiness of the Army Reserve, and reinvests scarce resources in improving the Army Reserve's ability to mobilize if the nation calls.

I feel confident that the approval of this plan by the Secretary of the Army, and the Senior Army leadership validates the Army Reserve's ability to meet it's mission. I commend the Chief of the Army Reserve and his steering committee of General Officers for what I consider to be an reorganization plan which is a clear example of what can be done within government to streamline an agency with a vital mission, and still be able to serve the citizens of this nation in a superb manner.

General Baratz, one of our goals in the 104th Congress is to reshape a U.S. government into a smaller, more efficient government, which still serves the needs of the people. Please, explain to us how your reorganization plan will accomplish this goal.

ARCOM RESTRUCTURING

Mr. Tiahrt: What happens to the people whose slots are eliminated in this plan?

General Baratz: As part of the process, we did not want to lose the expertise, talent, and dedication of the current staffs of the Army Reserve Commands (ARCOMs). To that end, we have made every effort possible to preserve those personnel assets. For example, there is no programmed loss of full time personnel (Active Guard Reserve (AGR), military technicians, and Department of the Army civilians) associated with the restructuring. Full time positions have been moved to the new Regional Support Commands (RSCs), to support other Army Reserve structure, specifically the Garrison Support Units (GSUs), Regional Support Groups (RSGs), and to resource existing unit level full time support shortages. We have also made use of early retirement and voluntary separation programs for those personnel who wished to separate. Although there is some senior grade reduction with this reorganization, most drilling Reservists will continue to be able to serve if they desire to do so.

Mr. Tiahrt: What are the missions of the new organizations?

General Baratz: The primary mission of the Regional Support Commands is to provide the day to day support and non go-to-war functions to all Army Reserve units in their area. They have been designed to relieve unit commanders of those housekeeping, administrative, and general support requirements which otherwise serve as training detractors and a dilution of the focus on the units' wartime mission. They will provide base operations, facilities management, maintenance, personnel and administration, pay, resource accounting, contracting, and general services on a regional basis. The RSCs will also provide command and control for any units within their regions except those reporting directly to a wartime commander.

Mr. Tiahrt: How will the new RSC & RSG structure work?

General Baratz: The RSCs have a standardized design in all ten regions. They have been staffed with the full time personnel to accommodate the administrative workload. Staffing is based on the unit density within the region to be supported. In three regions where there is a significantly greater density of soldiers such as in the Southeast, or where geographical size is a significant factor such as in the southwest, we have added a Regional Support Group. The RSG will extend the capability of the RSC to provide administrative

support, facilities management, and command and control. The RSGs function as a derivative part of the RSC. All remaining Major General Commands such as the Institutional Training Divisions, the Exercise Divisions, and functional commands will report directly to Headquarters, U.S. Army Reserve Command (USARC) relying on the RSC for support. All remaining Brigadier General Commands not subordinate to a functional command will report to an RSC.

Mr. Tiahrt: Why did you propose to eliminate the ARCOMs?

General Baratz: In today's environment of resource constraints and a refocused National Military Strategy, a review of our command and control structure became necessary. The directed end strength reduction of over 100,000 soldiers (35%) in the Army Reserve dictated an assessment of our command and control infrastructure as well as how we were doing business. Our approach has been to reinvest overhead structure into war time required structure.

Mr. Tiaht: Why are you using FEMA boundaries?

General Baratz: We chose the Standard Federal Region (SFR) boundaries as the next logical regional grouping that exists above the state. SFRs do describe the FEMA boundaries. They also describe the boundaries used by the IRS, the Department of Transportation, and most other Federal organizations. During peacetime, substantial coordination occurs between the Army Reserve and other Federal agencies. Organization along these lines makes the job of coordination easier and allows more time to be spent on wartime responsibilities. Coincidentally, the Continental U. S. Armies which support the two Army Reserve Components are also organized along Standard Federal Region lines.

Mr. Tiaht: What methodology did they use to arrive at their recommendations?

General Baratz: When I determined that restructuring was necessary, I selected a General Officer Steering Committee to develop the ARCOM restructuring plan. These general officers were selected to represent the broadest possible scope of experience, regional representation, longevity, and familiarity with the Army Reserve. One was also the senior military technician within his command. Each was a standing ARCOM Commander. These officers developed a decision ladder which looked at all possible aspects of Army Reserve operation. They considered past and future missions and requirements, lessons learned from Operations Desert Storm and Shield, the programmed future strength of the Army Reserve, ARCOM performance, the emerging National Military Strategy, ongoing initiatives within the Army, available resources, and readiness issues. They were supported with detailed analysis and input from subject matter experts at all levels of the Army. Their recommendation to me was based on consideration of several options, their military judgment, and what they collectively believed to represent the best possible course of action for the Army Reserve.

Mr. Tiaht: Who put this plan together?

General Baratz: The actual plan itself was developed by the five general officers with support provided by a process action team, the USARC and OCAR staffs, and input from the field. The process to develop the plan covered a 6-month period during which the General Officer Steering Committee (GOSC) was brought together not less than monthly to continue and guide the process. Their options were reviewed by me regularly until all the options had been evaluated. The GOSC then presented their findings and recommendation to me for a decision. The GOSC members were MG Peter W. Clegg, Commander of the 94th ARCOM, MG Richard B. Burleson, Commander of the 121st ARCOM, MG Larry L. Scheutzer, Commander of the 89th ARCOM, MG Thomas P. Jones, Commander of the 86th ARCOM, and MG David P. DeLaverne, Commander (and also the senior military technician) of the 124th ARCOM.

Mr. Tiaht: During the March 23, 1995 hearing the issue of credibility in regards to your General Officer Steering Committee was raised. Do you believe the process was flawed in that the five members of the steering committee were biased and partial in their recommendations?

General Baratz: There is no doubt that the GOSC conducted the process with absolute integrity. One commander, MG Thomas P. Jones, actually will lose his command as a result of the reorganization. No better decision ladder could have been used. After my review and approval of the plan, it was submitted to the Commander, U. S. Army Forces Command. Upon his approval the plan was forwarded for review to Headquarters, Department of the Army where it was further studied and approved. The plan was subsequently reviewed and approved by the Secretary of the Army. Consistent with this process, I believe the plan approved by the Secretary of the Army represents the best plan and course of action for the Army Reserve.

Mr. Tiaht: Why was this plan put together?

General Baratz: This plan was put together to address the Army Reserve command and control structure in keeping with the post cold war environment, consistent with a significant end strength reduction, current resource constraints, and to meet wartime mission requirements. This plan will improve our ability to command and control our forces, promote better training for our soldiers, establish needed economies, and produce a more ready Army Reserve able to respond to and support America's Army.

Mr. Tiaht: What would the impact be if implementing this reorganization was delayed?

General Baratz: Delaying the execution of the plan would have a significant negative effect on the Army Reserve. Most notably, a delay would be devastating to readiness. The Army Reserve has postured itself for a smooth transition to the restructured Regional Support Commands. The provisional implementation date for the new structure was April 16, 1995. To arbitrarily delay implementation would seriously undermine the morale of the effected personnel, create undue personnel hardships and turbulence, as well as degrade readiness by diverting dollars that would otherwise be spent on operating tempo to continue to sustain large and cumbersome command and control overhead. Many of the transitional processes have already been started, and many of the personnel involved in the reorganization to RSCs have already begun the relocation and reassignment processes. AGR back fills, civilian hiring actions, and recruiting have ceased for the existing commands and begun for the new organizations based on approval of the plan by the Secretary of the Army. Some functions have also begun to migrate to the RSC configuration. The delay would also halt the staffing of the new GSUs with qualified personnel who would no longer be available for reassignment. The funding for the GSUs and other readiness enhancements will similarly not be available. In the end, the cost of continuing to operate and fund the outgoing structure can only come at the expense of the go-to-war units.

Mr. Tiaht: Where's the dollar savings? How does this restructuring save money?

General Baratz: First, economy does not always mean less cost, it also means more efficient use of what one has. Second, there is no direct dollar "savings" associated with the reorganization. What the restructuring will do is make resources available for

reinvestment in other Army readiness priorities. The current average annual operating cost of an ARCOM is about \$7.6 million. Reduction of 10 ARCOMs yields about \$76 million for reinvestment into new "first to fight-support" units, thereby increasing Army Reserve and Army Readiness. Further, reinvestment potential will be directed at go-to war units to lessens current resource shortfalls for high priority units. An example of the resource shift is the GSUs. These units are possible only because the Army Reserve was able to "harvest" redundant administrative overhead and reinvest it in units which are required as validated by the lessons learned in Operations Desert Storm/Shield.

Mr. Tiaht: Quality of life issues have a relational effect on readiness in today's Army. Soldiers must be taken care of while simultaneously addressing readiness. How does this reorganization plan affect Army Reserve personnel?

General Baratz: The restructure serves the quality of life better in both peacetime and wartime. In peacetime, the organizational efficiencies established in the RSCs will take better care of the individual soldier's pay, administration, and training. Additionally, the new RSC will contain the family support, soldier education, and incentives management services which are not universally available in the existing ARCOMs but were identified as a problem during the Persian Gulf mobilization.

Mr. Tiahrt: Can you provide us with any information you may have or can obtain as to why the Army approved this plan?

General Baratz: The Army's approval of the plan was based on the determination that the plan represented the best possible use of resources for the Army and the Army Reserve. The plan is consistent with all existing guidance such as the National Military Strategy, the Defense Planning Guidance, and the Bottom-Up Review. The restructuring also preserves the forces available to support the war fight while reducing overhead infrastructure. Simply put, it presents the best use of scarce resources while still addressing the needs of the Army.

Mr. Tiahrt: In this period of change, if we had a MRC, can you mobilize under this transition? Or will this affect your ability to mobilize if required?

General Baratz: As part of the transition plan from ARCOMs to RSCs, we anticipated the possibility for the need to execute a mobilization and deployment. During the process, no function, whether related to readiness, troop support, command and control,

or any other function necessary to support a mobilization will be discontinued by an ARCOM until the receiving RSC has demonstrated the required functional capability. The actual transition will be executed over an 18-month period. As an extra step to ensure no breakdown of essential functions or command and control occurs, we set the effective date of the RSC activations in April 1996, and established the inactivation dates of the ARCOMs as September 16, 1996 to provide more than sufficient coverage and overlap. We believe we have anticipated every operational contingency in this transition.

Mr. Tiahrt: How does this restructuring of the present 20 ARCOMs into 10 RSCs improve the Army Reserve readiness posture?

General Baratz: In addition to providing some of the resources needed to stand up the GSUs, recognized as a major shortcoming during the Persian Gulf mobilization, the restructuring allows the go-to-war commanders to concentrate on wartime missions. Administration, logistic support, training support, and technical resource management will be the responsibility of the RSC, to the maximum extent possible. Freed of these training distracters, unit commanders will be able to concentrate their efforts on wartime training thus improving readiness.

Mr. Tiahrt: In light of shrinking budgets and diminishing resources, how is the restructuring improving overall USAR efficiency?

General Baratz: The restructuring created by consolidation efficiencies, reduced overhead, and eliminated redundancies and allows the Army Reserve to focus on wartime requirements. Concurrent with the command and control restructuring, a program designed to provide advantages to high priority units was implemented. Tiered resourcing was designed to provide resources to units commensurate with their mobilization timelines. It will deliver ready units for America's Army with an acceptable risk to later deploying units. With our resources focused, individual units can be made fully ready and eliminate the need for extensive cross leveling of personnel and equipment that we found necessary during the Persian Gulf mobilization.

Mr. Tiaht: If you were required to place on hold the current implementation of the Army Reserve Command and Control Restructure, what impact could this have in regards to the Offsite Agreement reached in December, 1993?

General Baratz: Placing the restructuring on hold at this time would keep us from posturing for the 208,000 end strength that was agreed upon at the Offsite. The Army Reserve needs both the end strength and the dollars associated with the 10 inactivating ARCOMs to reinvest in "first to fight" units that will be needed for America's Army during any future deployment. The retention of redundant and obsolete command and control structure will affect our ability to resource required wartime structure that is necessary if the Army is to meet the National Military Strategy requirement of a power projection force based primarily in the United States.

REDUCTIONS IN MILITARY TECHNICIAN POSITIONS

QUESTION: General Ensslin mentioned in his prepared testimony that proposed reductions in military technician positions within the Air National Guard could drastically reduce the readiness ratings of Air Guard units. What would be the specific impact of these cuts/readiness rates on units primarily crewed/maintained by the Guard, such as our overall airlift and air refueling capability?

ANSWER: Any non-programmatic reduction to the Air National Guard military technician force impacts readiness. Technicians comprise seventy-five percent of the Air National Guard's full time manning. Technicians are civilians in name only who actually perform military operations, maintenance, and scheduling functions in support of aircraft and missions. The technician force not only trains drill members but represents the immediate deployment capability of units and forms the core of volunteers supporting worldwide deployments.

The ANG is a fully integrated component of the USAF. Readiness is measured by using the same Active Air Force indicators to track and evaluate readiness. Current indicators show that the ANG is a ready force. The proposed reduction of 2,649 positions will reduce all ANG current capability. Overall, unit experience and functional levels will be affected. Without experience in certain functional areas such as maintenance, operations, air operational control, etc, safety and personnel proficiency will be affected. Unit "C" ratings will fall. Units will not be wartime or contingency capable nor possess the required skills to participate in the increasing other than war (OOTW) peacetime operations.

TRAINING

QUESTION: Master Sergeant Cline (not at hearing), in his prepared testimony, cited the need for dedicated training facilities to provide realistic combat training. Is there a problem with guard/reserve forces being allowed to utilize training centers such as NTC, JRTC, Red Flag, etc.? If there is a problem, what are some proposed solutions, such as including more reserve units with active units during their rotations at these facilities?

ANSWER: There is no problem with obtaining training at NTC, JRTC, Red Flag, etc. The Air National Guard has been, and will continue to be a robust participant in these training opportunities.

Unit Combat Training

Mr. Dornan: Master Sergeant Cline (not at hearing), in his prepared testimony, cited the need for dedicated training facilities to provide realistic combat training. Is there a problem with guard/Reserve forces being allowed to utilize training centers such as NTC, JRTC, Red Flag, etc.? If there is a problem, what are some proposed solutions, such as including more reserve units with active units during their rotations at these facilities?

RADM Hall: The Naval Reserve is not experiencing a problem with access to training facilities for unit combat training. The Naval Reserve is being provided adequate training opportunities at the Navy's dedicated training facilities and during fleet exercises to provide realistic combat training.

TRAINING

Question: Master Sergeant Cline (not at hearing), in his prepared testimony, cited the need for dedicated training facilities to provide realistic combat training. Is there a problem with guard/reserve forces being allowed to utilize training centers such as NTC, JRTC, Red Flag, etc.? If there is a problem, what are some proposed solutions, such as including more reserve units with active units during their rotations at these facilities?

Answer: The Air Force fully supports Reserve participation for a full range of training opportunities from local exercises to major joint exercises. The Air Force Reserve has no difficulty gaining access to realistic training facilities, ranges, or joint training events.

Mr. Dornan: Master Sergeant Cline (not at hearing), in his prepared testimony, cited the need for dedicated training facilities to provide realistic combat training. Is there a problem with guard/reserve forces being allowed to utilize training centers such as NTC, JRTC, Red Flag, etc.? If there is a problem, what are some proposed solutions, such as including more reserve units with active units during their rotations at these facilities?

General Richard: The Marine Corps utilizes the Marine Corps Air Ground Combat Center (MCAGCC), located at 29 Palms, California to provide realistic live fire combat training. Marine Forces Reserve conducts four Combined Arms Exercises (CAX) annually at the MCAGCC. These exercises are conducted alongside their active duty units in keeping with our Total Force Policy. Consequently, our reserve units receive the same training as our active duty units.

Marine Forces Reserve has conducted limited training at NTC, JRTC and Red Flag.

Information Paper

SUBJECT: Impact of Delaying to USARC Command and Control Reduction

Purpose . To describe the negative impact of delaying the implementation of the USARC Command and Control (C2) reduction for one year and the extent to which implications extend to all major staff elements of this commands' operation.

POINTS.

- The USAR C2 plan was approved by Department of the Army on 2 December 1994, and as a result of that approval, this command has postured itself for a smooth transition to the re-engineered Regional Support command. The provisional implementation date for the new structure is 16 April 1995. To arbitrarily delay the process by twelve months serves no military purpose and will seriously degrade unit readiness, morale and create undue personnel turbulence for our soldiers. Specifically, many of our people, both military and civilian have already begun the transition (voluntarily) to new commands. AGR backfills, civilian rehire, and recruiting for Reserve military personnel have ceased for existing C2 structure since the approval of the concept plan. This cannot be restarted without significant commitment of funds (which do not currently exist) and long term hardships on our personnel. Under a temporary delay, the outward flow of personnel will not stop. The net effect of a delay will render the ARCOM headquarters unable to function as they will be unable to replace personnel as they leave.

- Command leadership, to include General Officer Selection, promotion boards, and command selection processes have already been modified to account for the new structures. Delay in implementation will severely disrupt the chain of command, and leadership within the USAR.

- BASOPS support provided by the ARCOMs to all other non-ARCOM commands (Divisions (Exercise), Divisions (Institutional Training), and all separate General Officer Commands) will not be available as the personnel from the outgoing ARCOMs depart. Without the RSC personnel in place, no capability to provide even minimal support will exist.

- Additional expenses for personnel incentives (example: VERA, VSIP) will result from the delay. Cost saving opportunities (Lease costs, reduced operating costs, and savings from reduction of redundancy) will be lost.

- To keep on track with the Army's budget cycle, funding and resource management processes have already been aligned to the new Regional Support Commands (RSC). This action is difficult at best to reverse. The current ARCOM fund management staff is inadequate to handle this work load for the period of the proposed delay. Thus, the impact on USAR fund management extends to all areas of operation.

- Continuity of support to other than USAR elements (USAMEDCOM, USAREC, ARNG, TRADOC, and FORSCOM) will suffer from inadequate program coordination and the inability to execute within depleted USAR C2 structure.

- USAR unit readiness will be severely degraded based on the loss of continuity of management support. Many of the gains made in USAR readiness will be lost.

- Authorized funding for the current C2 structure is inadequate. Additional funding will be required to maintain the outgoing ARCOMs past the current inactivation dates. Estimated cost per ARCOM (not including support requirements of its subordinate units) is approximately 7.6 million dollars per year. ~~The proposed delay would cost in excess of 76 million dollars.~~

- All reorganizations have detrimental effects on morale and personnel welfare. Delaying the reorganization process will prolong this turbulence and add to the negative impacts on the personnel involved. Any and all change creates turbulence with direct effect on the personnel involved. Delay will only escalate the effects and compound the problems normally related to change of this magnitude.

- Lessons learned from Desert Storm/Desert Shield required a relook at CONUS garrison operations as a result of that process. The USAR is activating new Garrison Support Units (GSUs) on 16 Sep 95 in areas where ARCOMs inactivate. The GSU will be filled within a year of its activation. A delay in inactivation of the ARCOMs may cause otherwise qualified Reservists to lose the opportunity for continued service in GSUs or lead to further degradation of ARCOM ability to accomplish mission if those Reservists transfer.. These GSUs support high visibility mobilization sites. Any negative impact pertaining to the fill of these positions directly effect our ability to provide necessary support to these sites.

- Delay of concept would serve to impede the USAR from complying with the Government Personnel Review and National Personnel Results Act which focuses on streamlining organization, reducing overhead, flattening organization and produces a more efficient and effective organization.

INFORMATION PAPER

SUBJECT: Comparison of 102nd ARCOM manning with 6025th Garrison Support Unit (GSU)

1. The 102nd ARCOM currently has an authorized strength of 197 drilling Reservists. As part of the reorganization, its personnel will support the backfill of the 6025th Garrison Support Unit (GSU). The GSU will be authorized 200 drilling Reserve personnel. The garrison structure can accommodate almost all of the junior and mid-grade enlisted personnel and about half of the senior enlisted. Only about 20% of the Officer personnel can be accommodated due to lower grade structure requirements. A by-grade comparison of the two units is at enclosure.

2. The current full-time support staff at the 102nd ARCOM has 77 requirements. In contrast, the full time requirements for the GSU are 15. Despite this number disparity, this does not represent a loss of jobs. The positions "harvested" will be reinvested in the new Regional Support Commands and Groups.

Encl

USAR C2 Backfill Crosswalk
102nd ARCOM, St. Louis, MO.

The 102nd ARCOM inactivates 16 September 1996. The 6025th Garrison Support Unit (GSU)(-) activates 16 September 1995. These dates allow for soldiers currently serving in the 102nd to transfer into positions in the 6025th.

(Special Note: Total GSU authorizations are 270. 200 will be in St. Louis, MO. 70 will be in Ft. Carson, CO)

ARCOM Auth Str 6025th GSU(-) Auth Str

Officer	88	33
Warrant	8	3
Enlisted	<u>101</u>	<u>164</u>
	197	200

(Summary by Grade)

MG	1	0
BG	1	0
COL	12	1
LTC	27	0
MAJ	32	17
CPT	15	11
LT	0	4
WO	8	3
SGM	8	2
MSG	16	10
SFC	19	25
SSG	22	23
SGT	17	36
SPC	19	59
PFC	<u>0</u>	<u>9</u>
TOTALS	197	200

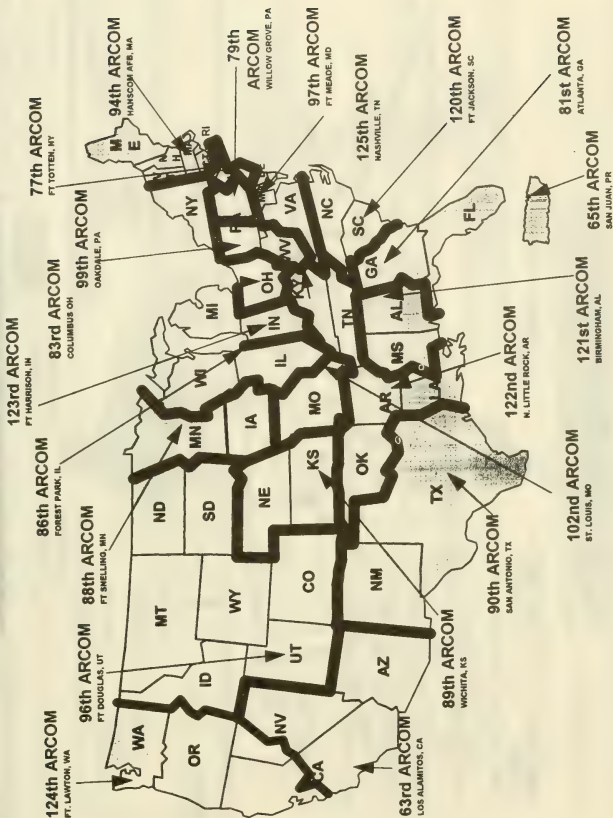
Overall Difference + 3 Drilling Reserve Authorizations

102nd ARCOM (cont)

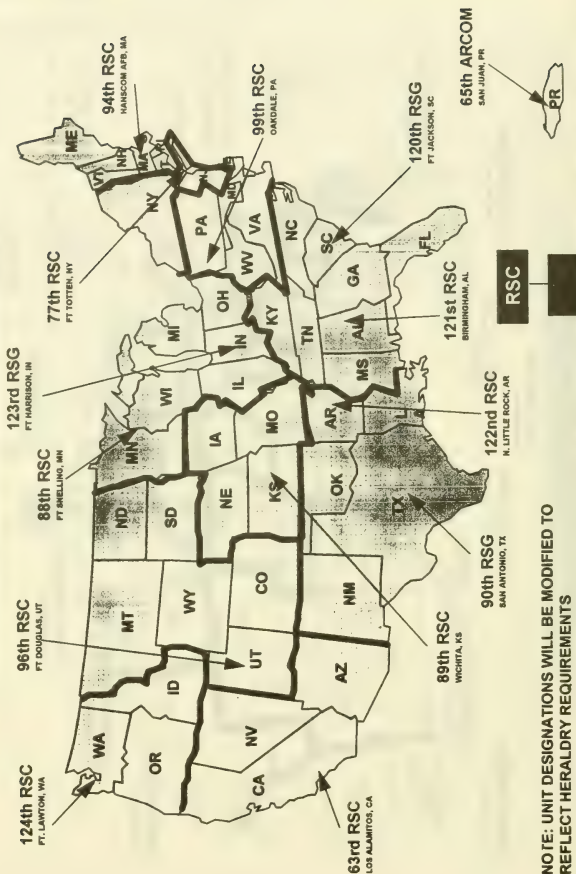
Full Time Support Requirements

GS 14	1	0
GS 13	2	0
GS 12	2	0
GS 11	6	0
GS 10	0	1
GS 9	7	0
GS 8	1	2
GS 7	1	1
GS 6	1	2
GS 5	5	0
GS 4	0	0
GS 3	0	0
COL	3	0
LTC	6	0
MAJ	12	0
CPT	2	0
MSG	7	1
SFC	7	6
SSG	6	1
SGT	6	1
SPC	<u>2</u>	<u>0</u>
TOTAL FTS	77	15

CURRENT ARCOMS



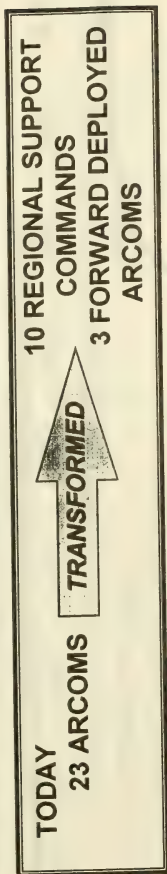
C2 REORGANIZATION



NOTE: UNIT DESIGNATIONS WILL BE MODIFIED TO REFLECT HERALDRY REQUIREMENTS

U.S. ARMY RESERVE

ARCOM - COMMAND RESTRUCTURE



THE CONCEPT

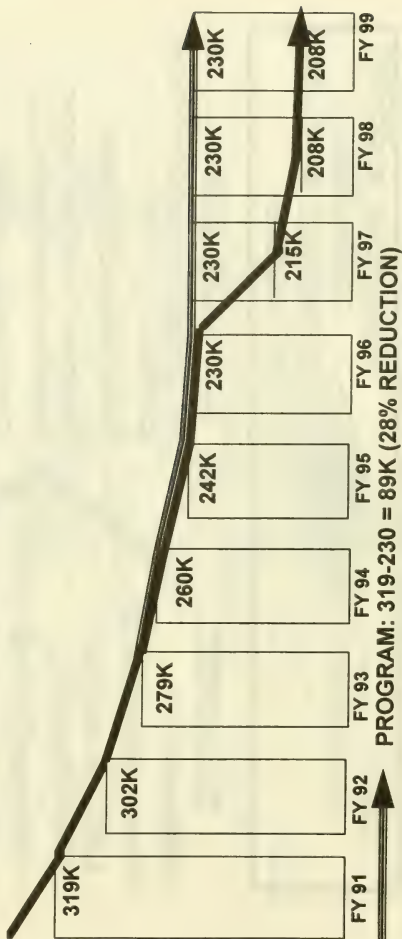
- Remission
- Reduce Redundancy
- Align with Standard Federal Regions
- Advantage Training Focus
- Improve Leader to Led
- Plan for Mobilization
- 6K Spaces

THE PLAN

- Go to War Commanders Focus on METL
- Redundancy Eliminated
- Regional Focus for Support Based on Unit Density
- Personnel & Logistics Management Consolidated for Economies
- 3.2K Spaces

USAR PROGRAMMED REDUCTION

USAR END STRENGTH

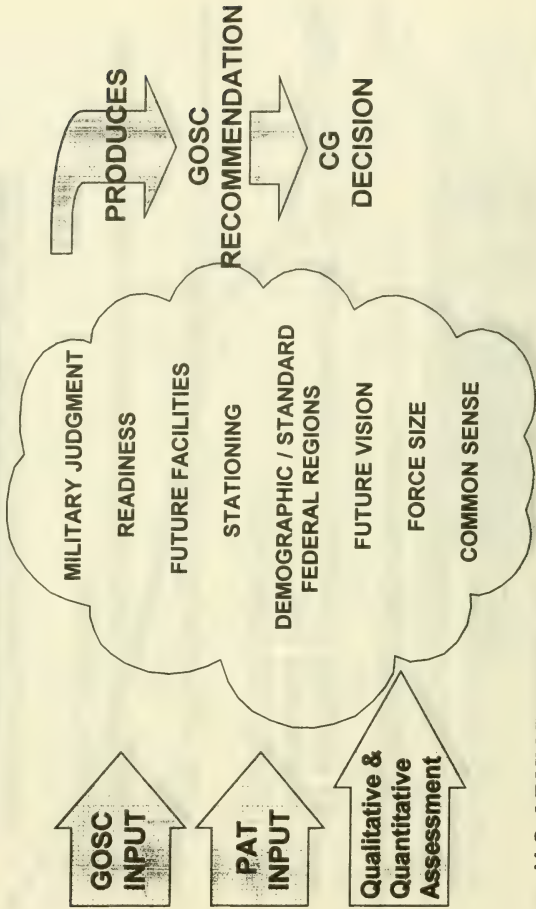


U.S. ARMY RESERVE

NET RESULTS

- C2 HEADQUARTERS REDUCED
 - 10 ARCOMS CONVERT TO REGIONAL SUPPORT COMMANDS (RSC)
 - 10 ARCOMS ELIMINATED
- OVERLAP AND REDUNDANCY ELIMINATED
- REORGANIZED REGIONALLY CONSISTENT WITH STANDARD FEDERAL REGIONS
- SPAN OF COMMAND AND CONTROL IS REDUCED
- GO-TO-WAR COMMANDERS FOCUS ON READINESS

PROCESS



MEASURES OF MERIT

DEFINED AS:

- A TOOL TO ASSESS / RANK ORDER CURRENT ARCOM PERFORMANCE AND PREDICT POTENTIAL FOR FUTURE SUCCESS:
 - BOTH QUALITATIVELY AND QUANTITATIVELY
 - IF QUANTITATIVE MUST BE STATISTICALLY VALID TO BE USED
 - ALL DATA FROM APPROVED US ARMY / US ARMY RESERVE DATA SOURCES
- MUST BE UNIVERSALLY APPLICABLE TO ALL ARCOMS
- MUST BE APPROVED BY GOSC
- MUST BE "FAIR" & EQUITABLE ACROSS THE FORCE, I.E. LEVELLED FOR DEMOGRAPHICS, SIZE, FORCE STRUCTURE, ETC.
- MUST BE REPRODUCIBLE
- MUST BE ABLE TO WITHSTAND ANY AND ALL SCRUTINY

RESULTS OF STUDY

OVERALL

RANKED HIGHEST TO LOWEST WITHIN REGION

HIGHEST RANK

89TH
102ND
120TH
121ST
125TH
81ST
96TH
88TH
122ND
99TH
124TH
79TH
123RD
97TH
94TH
63RD
90TH
77TH
83RD
86TH

REGION I
REGION II
REGION III

REGION IV

REGION V

REGION VI
REGION VII
REGION VIII
REGION IX
REGION X

94TH
77TH
99TH
97TH
79TH
120TH
121ST
125TH
81ST
88TH
123RD
83RD
86TH
122ND
90TH
89TH
102ND
96TH
63RD
124TH

WITHIN
EACH
REGION

LOWEST RANK

Measures of Merit as used for USARC C2 Reduction

- | | |
|--|---|
| • Per Cent Assigned Strength | • First Term Re-up Rates |
| • Per Cent Available Strength | • Careerist Re-up Rates |
| • Per Cent DMOSQ | • Delinquent OER Rate |
| • Per Cent IET Losses | • Delinquent NCOER Rate |
| • Per Cent Manageable Attrition | • Composite SIDPERS Rankings |
| • Number of Congressional
Inquiries per 1000 Troops | • Composite External Evaluation
Rankings |
| • Per Cent OMAR Deobligation | • CLRT results |
| • Per Cent Past Due Bonuses | • ORE results |
| • Per Cent of Soldiers Paid Late | • Mechanic Utilization Rate |
| • Per Cent of Soldiers Paid
Incorrectly | • Excess Equipment Rate |
| • Surepay Participation | • Staff Expert Rankings |
| • Average Report of Survey
Initiation Time | |
| • Average Report of Survey
Processing Time | |
| • Amount of OCIE Losses per
1000 Troops | |
| • Number of Work Orders Older
than 90 Days | |
| • Composite Unit Readiness
Ratings | |
| • School No-Show Rates | |
| • ARCOM Size | |
| • CFP FTS Level | |



STATEMENT

BY

CHIEF MASTER SERGEANT JAMES D. STATON USAF, (RET.)

EXECUTIVE DIRECTOR

AIR FORCE SERGEANTS ASSOCIATION

BEFORE THE HOUSE COMMITTEE ON NATIONAL SECURITY

SUBCOMMITTEE ON MILITARY PERSONNEL

ON

RESERVE COMPONENT ISSUES

MARCH 23, 1995

AIR FORCE SERGEANTS ASSOCIATION

International Headquarters, Post Office Box 50, Temple Hills, Maryland 20757

Phone: (301) 899-3500

Facsimile: (301) 899-8136

Mr. Chairman and distinguished members of the committee, on behalf of the 160,000 members of the Air Force Sergeants Association (AFSA), I appreciate having this opportunity to express our views on the unique needs of the enlisted men and women of our nation's Air Reserve Component (ARC) -- the Air Force Reserve and Air National Guard. AFSA represents the millions of active, retired and veteran enlisted members (and families) of the Air Force, Air Force Reserve and Air National Guard. Today, we ask you to consider a few program elements that would enhance the quality of the lives of our ARC members and significantly improve their readiness capability.

As you know, ARC personnel are playing increasingly important roles in the defense of this nation. Missions formerly handled by forward-deployed active units are increasingly being handled by the Air Reserve Component. As our defense mission becomes more involved in non-traditional assignments, our ARC units are more often engaged. AFSA feels strongly that ARC compensation and benefits programs should parallel that increase in responsibility. We would like to offer six ways in which both these young men and women and our nation's critical objectives can be better served.

1. Since enlisted Air National Guard and Air Force Reserve members are carrying an increasing proportion of our military missions, we must act to see that they are healthy enough to respond. We urge you to *make military health insurance programs available to Ready Reservists*. There are reservists who do not have adequate health insurance available through their employers and cannot afford their own. Further, under the current system, reservists are required to have a physical only once every four years. The Persian Gulf War call-up showed that this is not often enough to guarantee readiness for emergency deployments. By providing access to adequate health care, this would help ensure that reserve members are ready to serve when called.

2. In that same vein, our government needs to *create or contract a dependable dental plan for ARC members*. This would guarantee ARC members accessibility to another important area of preventative medical care. A dental insurance plan would also help ensure the ability of our reserve airmen to deploy at short notice.

3. ARC enlisted members and their families must be treated as full members of our defense team. They are not second-class warriors. One extremely important benefit, especially to enlisted members, is the commissary benefit. We ask the members of this committee to act to *provide year-round, unrestricted commissary access to all reservists*, both current members and "Gray Area" retirees (those not yet age 60). Under the current system, Guardsmen and Reservists have unlimited access only while on active duty. Otherwise, they and "Gray Area" retirees are restricted to commissary use 12 times a year, regulated through the use of a commissary card. This system serves no valid purpose and is a clear waste of taxpayer dollars. The card system costs \$13 million dollars annually to administer, and adds a cost-burden to the unit and reserve personnel centers that must

(more)

track card issue and use. Allowing year-round ARC access to the commissary benefit and eliminating the card system makes sense and would save valuable resources. Again, full partnership calls for full benefits. A positive offshoot of eliminating the commissary card system for reservists would be that the increase in patronage would strengthen the overall commissary system for all service members.

4. Because of the irregular timing of ARC duty, retirement is based on achievement of sustained levels of annual service. These levels are reached by accumulating experience points. It is time to act to *raise the annual limit on creditable Inactive Duty Training (IDT) Points from 60 to 90 points*. Reserve retirement pay is determined by the number of IDT points (a maximum of 60) accumulated in a qualifying year. However, in most years, a reservist accumulates more than 60 points. After receiving points for being a member of the Ready Reserve, points are earned for weekend drills, for mobilization augmentation programs, training courses, and for attending military-related meetings, conferences, etc., some of which are non-paying. Allowing a greater number of points to be credited toward retirement will do much to increase the enthusiasm of reservists for programs that are beneficial to maintaining the skills they require to remain at peak readiness.

5. Military service implies sacrifice. However, being called to military service should not mean significant financial hardship. It would be beneficial to reservists and their families to *create a voluntary program of income insurance for ARC members*. In this program, reservists would pay a monthly premium to ensure replacement of a certain percentage of the civilian pay they would lose if called to active duty. Many ARC members have civilian jobs with far-higher compensation levels than they receive when working in their military jobs. Those who deploy must still maintain households and the same standard of living for their families. A program of activation insurance would provide greater security to ARC members who are concerned about the loss of income that results from activation.

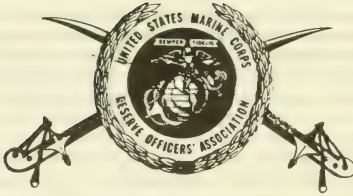
6. We must also focus on the needs of the survivors of our ARC members. We feel it is important to *open insurance programs for ARC members that parallel those of active duty airmen*. Currently, ARC members are enrolled in Servicemen's Group Life Insurance (SGLI) from the time they begin service until their actual retirement at age 60. Then, they are eligible to enter the Veterans Group Life Insurance (VGLI) program, but at premiums that are too expensive for most. Active duty members are able to convert to VGLI, risk-free, within 120 days of retirement, usually in their mid-40s. This difference can be corrected by either providing reservists the opportunity to join and participate in the same life insurance programs available to active duty members and at the same actuarial point, or creating a program that operates under a similar payment structure. The guarantee of full, affordable life insurance coverage after retirement would provide reservists with another incentive to remain in the service.

(more)

Mr. Chairman, the enlisted airmen of our Air Reserve Component have a unique set of hardships they must occasionally endure and, in fact, are experiencing with greater frequency. There is no question that the members of the Air National Guard and Air Force Reserve must be welcomed as full members into our military forces. AFSA's six recommendations will help provide for the personal needs of our enlisted reservists and improve their ability to respond when their nation calls. Surely, an improvement in benefits would serve as an incentive to retain the highest quality personnel.

We appreciate this opportunity to express these important ideas. We hope that these suggestions provide the committee a useful groundwork as it begins its deliberations on these important national security issues. As always, the Air Force Sergeants Association is ready to assist you whenever possible on matters of mutual concern.





TESTIMONY OF
COLONEL BRADLEY T. MACDONALD, USMCR
NATIONAL PRESIDENT
OF THE
MARINE CORPS RESERVE OFFICERS' ASSOCIATION
FOR THE
SUBCOMMITTEE ON MILITARY PERSONNEL
OF THE
HOUSE NATIONAL SECURITY COMMITTEE
CONCERNING THE FY 96
DEFENSE AUTHORIZATION BILL

23 MARCH 1995

Mr. Chairman and Distinguished Members of the Committee:

I would like to thank the Chairman and Distinguished Members of the Subcommittee on Military Personnel of the House National Security Committee for holding these important hearings, and for inviting me to testify. I appreciate this opportunity to represent the Marine Corps Reserve Officers' Association (MCROA) and present this testimony regarding the Department of Defense reserve component programs for Fiscal Year 1996, and wish you to know that I am speaking for MCROA's members.

MCROA is a war veteran's organization of over 6,000 men and women who are or have been commissioned or warrant officers in the U.S. Marine Corps Reserve, U.S. Marine Corps, future Marine Corps officers or officers of other services who have served with Marine units. Our purpose is to advocate the capable Total Force Marine Corps required for the security of the United States.

MCROA's membership includes the leadership of the Marine Corps Reserve and is the spokesperson for the Marine Corps Reserve officers. It represents the views of the Selected Marine Reserve, the Individual Ready Reserve and the Retired Reserve.

I INTRODUCTION

At the outset, I would like to thank the Chairman and the Distinguished Members of the Subcommittee on Military Personnel for your commitment to a strong National Defense.

MCROA's members sincerely appreciate your support in providing the resources necessary to sustain a capable, ready Total Force Marine Corps. We are particularly grateful for the hard

work of this committee's members and staff in maintaining the warfighting capability of "A versatile, Expeditionary Force in Readiness", the strategic concept and role given to the Marine Corps by the United States Congress in 1952.

With the abiding support of the Congress, your Total Force Marine Corps will continue to respond when called to support national security. **But will it be the capable, ready force required for the task?**

Historically, the Marine Corps Reserve has been designed and structured to augment and reinforce expeditionary operations in distant regions:

- During World War I, over 6,400 Marine Reservist served in France and constituted about 10% of the active Marine force.
- During World War II, 68% of the active duty Marines were Marine Reservists. The Medal of Honor was awarded to 80 Marines of which 44 were Reservists.
- During the Korean War, 88,500 of the 261,000 active duty Marines were Reservists. Thirteen Medals of Honor and 50 Navy Crosses were awarded to Marine Reservists.
- Although, the Marine Corps Reserve was not mobilized for Vietnam, numerous individual Reservists volunteered for active duty.
- During the Persian Gulf War, over 30,000 Marine Reservists served with distinction when 55% of the Selected Marine Corps Reserve was mobilized. That was three times the mobilization percentage of any other service. The saga of Company B, Fourth

Marine Tank Battalion, a unit normally assigned M-60 tanks, who stopped 59 Iraqi tanks with 13 Abrams tanks it had never seen and with only 23 days of Abrams tank training in California, is legendary. It is a story of young Marine heroes that has inspired Americans and helped to restore pride in this nation's Armed Forces. The Marines' success in combat, as an expeditionary force in readiness, stems from their commitment to a seamless Total Force.

II FORCE STRUCTURE

In FY 1994 the Marine Corps reached its present end-strength, having essentially achieved its prescribed base force level of 174,000 active and 42,000 Reserve Marines. This is a total force structure of 3 Active and 1 Reserve Division/Wing/Logistics Teams. Marine Reserve Forces are organized under the Commander, Marine Forces Reserve and units of this command are located in 191 training centers in 46 states, Puerto Rico and the District of Columbia. The Marine Corps Reserve constitutes a full 25% of the Total Force Marine Corps' force structure and 33% of its trained manpower.

Indeed, the Bottom-Up Review implied a need for even more Marine Reserve Forces. Many studies including Secretary Aspin's study, conducted when he was Chairman of the House Armed Services Committee, recommended that the Marine Reserve end-strength be increased to 49,000 as a result of its superb performance in Desert Storm and for use as low cost augmentation for major regional contingencies.

Since Desert Storm, the Marine Reserve Component has been increasingly called upon to provide peacetime operational support to its Active Component. With sufficient planning, the Commander, Marine Forces Reserve can use Reserve unit training time to both enhance operational readiness and reduce the strain of operational tempo on the active forces. But, such peacetime support by entire units is limited, both by funding constraints and the employment obligations of unit members. The greatest impediment to expanded use of individual reservists to augment active forces is lack of funding.

I want to emphasize that **all Marine Forces are needed to fight in 2 Major Regional Contingencies (MRCs) and required to support the current defense strategy.** And that the Marine Forces Selected Reserve units are not categorized as early or late deploying; all are considered **"M-Day assets"**. The Active and Reserve components are closely integrated through horizontal fielding of equipment, weaponry technology and training. **When task organized, there is no distinction between Active and Reserve component Marines.** Marine Corps Reserve contributions to the Marine Corps Total Force are reflected in enclosure (1).

Your Marine Corps Reserve provides 25% of the warfighting capability of the Total Force Marine Corps and costs less than 7% of the Marine Corps budget. If the Marine Corps is considered the "bargain" of the defense budget, then the Marine Corps Reserve is the "Wholesale Club". Do not forget that the over 30,000 Marine Corps reservists who responded to the call of arms during Desert Storm, deployed in "days and weeks", integrated into the active force in"

hours" and accomplished their mission with their fellow Marines. **This nation's Expeditionary Force in Readiness is the model for accessibility and compensating leverage.**

The Commandant of the Marine Corps, General Carl E. Mundy Jr., supported the President's Fiscal Year 1996 Marine Corps personnel end-strength request for 174,000 Active and 42,000 Selected Reserve Marines in his posture statement as the **absolute minimum** force level to meet today's requirements and those forecast during the coming year.

Why is it that the Marines, who are this nation's "versatile, Expeditionary Force in Readiness" must request the minimum level of support? Are we the victims of our own legendary frugality and conservatism? The Marine Corps' high return on investment to the American people is recognized and respected throughout the world from Iwo Jima to Somalia. And the Marine Corps Reserve is the accessible force that contributes significantly to the ready, capable seamless Total Force United States Marine Corps. So why the absolute minimum? Is this frugality necessary?

Lastly, is it absolutely imperative that the Marine Corps retain its thoroughly integrated, present Total Force Structure. The Marine Corps Commandant must control the process by which Marine Corps Reserve combat capabilities are identified, obtained and supported. Moreover, he must be able to allocate Marine Reserve capabilities among the three Active Component Expeditionary Forces as crises unfold. And, the Marine Commandant must remain responsible for the submission of all Service reports to Congress.

The Marine Forces Reserve (MARFORRES) has already been established as the Marine Reserve Component Command. The Commanding General is an Active Component major general and is the principal point of contact for the command, control and resource allocation for Selected Marine Corps Reserve units and Pre-trained Individual Manpower. He reports directly to the Commandant of the Marine Corps. Retaining this chain of command is necessary for Marine combat capability.

MCROA would strongly oppose any change to this structure and urges the Congress not to support any proposal that would limit the Commandant of the Marine Corps' ability to manage the Total Force Marine Corps.

III MISSIONS AND OPERATIONS

The Marine Corps has developed a well integrated Total Force that capitalizes on the strengths and contributions of its Active, Reserve, and civilian components. In both real-world operations and exercises, Reserve elements have consistently demonstrated their ability to effectively augment and reinforce the active component in both traditional and non-traditional missions. Marine Corps Reserve participation with their Active component counterparts in exercises conducted throughout the world have provided a range of training and self-evaluation opportunities covering the spectrum from individual Marine warfighting skills to enhancing the

deployment capability of Marine Expeditionary Forces. They have also provided opportunities for Reserve Marines to train in joint arenas.

FLEET MARINE FORCE OPERATIONS. The budget finances adequate levels for routine Fleet Marine Forces operations, training and maintenance and repair of organic ground equipment. Depot maintenance is now financed at rates that allow the Marine Corps to achieve reasonable backlogs in the future.

Marines are forward-deployed and ready to respond. The budget is structured to finance this operating tempo. But, in the case of unplanned contingencies, while the incremental costs are relatively small, it is extremely important that the incremental costs be financed. These costs are currently being borne by our Fleet Marine Forces in the operation and maintenance account. To avoid an degradation in readiness, prompt congressional action on the department's emergency supplemental request is needed. I solicit your support.

ADSW. Our membership requests that you support the following Marine Corps Reserve program enhancements:

- \$8 million in SMCR Active Duty Special Work (RPMC Account) money to support active duty deployment and active duty exercises.

IV PERSONNEL

Readiness is what the Total Force Marine Corps is all about and our Citizen Marines will continue to respond to calls at great personal sacrifice to serve the nation and support national security interests.

As you have always done, the Congress, must continue to ensure the readiness of your Corps of Marines. I ask you to give the "First to Fight" the resources it needs even if it means reallocating them from those who are in the "follow on" echelons as it pertains to readiness. The Marine Corps' Force Structure Planning Groups recommended 177,000 Active and 42,000 Selected Marine Reserves for the three Marine Expeditionary Forces (MEF's) required to support the National Military Strategy. The Bottom Up Review of 1993 supported these higher levels. A 42,000 SMCR does not provide any depth to reinforce the MEF's once engaged in combat except for individual replacements from the Individual Ready Reserve (IRR). The problem the Total Force Marine Corps faces today is whether the funding available will support these forces. In many areas funding is below sustaining level, for instance the Marine Corps' total procurement account is below the level needed just to supply training ammunition.

To summarize, Marine Corps personnel requirements, as viewed by our membership are:

- A Total Force Marine Corps level of 174,000 Active and 43,090 Selected Marine Reservists. The majority of the 1,090 additional Marines billets would be "Active Reserves

(AR)". This increase will ensure the necessary training support personnel required primarily for the 4th Marine Division, Wing and Logistics Teams.

AR PROGRAM. The Marine Corps currently has over 2,285 Marines on active duty to support our Reserve component under the Active Reserve (AR) program, formerly known as the Full-Time Support program. In FY 1994, the Marine Corps made it a career program, greatly enhancing stability, credibility and career professionalism. Marines on the Active Reserve program perform a wide variety of functions, from developing policy, performing administrative and recruiting functions, to providing training and logistical support for our Reserve component.

The current AR structure consists of 2,559 billets or 274 billets more than the AR end- strength authorization. An additional 816 billets are needed to adequately support the Selected Reserve Force of 42,000. The majority of these billets will replace the active component billets eliminated during the recent drawdown.

Subject to your approval, the Marine Corps would phase in the additional 1,090 billets over three years at a cost of \$7.3 million in Fiscal Year 1996, \$23 million in Fiscal Year 1997, and \$41 million in Fiscal Year 1998. I strongly believe that the funding of these additional Active Reserve billets is a good investment and will further enhance the Marine Reserve Force's combat capability.

RECRUITING. We are experiencing increasing difficulties in recruiting adequate numbers of young Americans to staff the armed forces. Interest in serving in the military remains low. At the same time, accession requirements of the services are climbing. This is putting a significant strain on our young recruiters and their families. I encourage your continued focus to ensure we can recruit the adequate numbers and quality of people to staff your Marine Corps.

INCENTIVES. To ensure the highest quality force, funding for Reserve Recruiting incentives and Reserve Employer Incentive Programs are necessary to recruit and retain high quality USMCR manpower in a competitive job market. We need your help to maintain a high quality Reserve Force. MCROA supports the legislation, proposed by DoD, for the 104th Congress that would assist Reservists called to Active Duty. These would:

- establish an income insurance program for Ready Reservists that would alleviate the economic effects of activation for service in support or urgent operational missions or in time of national crisis, and
- provide a tax credit to employers who employ members of the Reserve Components and to self-employed individuals who are reservists

MEDICAL. MCROA strongly urges Congress to introduce legislation to allow Medicare to reimburse DoD for care provided to Medicare eligible military beneficiaries in military treatment facilities, a concept call "Medicare Subvention".

DENTAL. The poor dental status of a significant percentage of the Selected Reserve severely degrades mobilization readiness. Although dental units exist in the Selected Reserve, current law precludes treatment of Selected Reservists in Inactive Duty for Training status, except in emergencies. MCROA urges the Congress to enact legislation that will allow Selected Reserve dental units to provide the dental treatment necessary for Selected Reservists in an Inactive Duty for Training status to meet mobilization readiness standards.

ROPMA. With ROPMA enacted into law, we finally will have an up-to-date statutory framework for the effective management of Reserve Officers. Thank you for supporting this legislation.

COMMISSARY & EXCHANGES. We urge Congress to allow full access to the commissary system for members of the Selected Reserve and to ensure the continued availability of commissaries and exchanges for Selected Reservists and retired military personnel in light of base closure actions.

QUALITY OF LIFE IMPROVEMENTS. Additionally, funding is included in the Marine Corps' budget for family housing and barracks initiatives particularly in the areas of revitalization, maintenance and new construction. The Marine budget significantly increased funds allocated for morale, welfare and recreation support for Marines and their families. The per capita amount of funding for Marines in the budget approximates that of the other services. None of these quality of life enhancements could have been incorporated without the combined efforts of

Marines, the Secretary of the Navy, the Secretary of Defense and the Commandant of the Marine Corps. I seek your support of these initiatives.

V TRAINING & READINESS

O&M FUNDS. A \$30 million increase in the Operations and Maintenance Funding (O&M OMMCR) Account is necessary to fund training readiness, cover maintenance backlog and the expense of ever growing environmental regulations at reserve homesites and training locations. Provisions of funds earmarked for the above will free existing O&M authorizations, which currently cover environmental costs and dedicate them to more expansive and effective training of SMCR units.

RPMC. Additional Reserve Personnel (RPMC) funding is necessary to more effectively support numerous Marine Corps priorities with reserve units in active duty exercises (especially joint/combined overseas exercises) and to provide reservists on individual active duty work orders.

EXERCISE PLANNING. Long range planning and funding for overseas exercises will enhance readiness. The major deterrents to routine reserve battalion/squadron sized unit integration in overseas exercises are: Inadequate lead-time for planning and insufficient overseas transportation funding. With additional funds, long range exercise planning (12-18 month lead)

and programming can maximize the Marine Corps Reserve optempo relief to the Active component.

TRAINING AMMUNITION. Ammunition supplies for the Total Force Marine Corps are at an historic low. A \$300 million increase in the **Total Force Marine Corps** ammunition account is requested.

FY '95 DEFENSE EMERGENCY SUPPLEMENTAL APPROPRIATION BILL. We commend the Congress for providing the supplemental appropriations to properly support a quality, ready force through FY95. These costs are currently being borne by borrowing from the O&M account. To avoid any degradation in Reserve readiness, prompt Congressional action on providing the supplemental request is needed. I solicit your support.

VI EQUIPMENT

MCROA wants to thank the Committee for its support last year. However, the Marine Corps Reserve still needs the right mix of equipment to augment and reinforce our Active Component. Horizontal fielding of major tactical systems and timely fielding of equipment using a single acquisition objective is necessary to USMCR viability as a Total Force warfighting asset. Under the Total Force policy, the "first to fight" is the "first to be equipped". The Marine Corps Reserve role upon mobilization requires that the Reserve Component forces possess the same modern equipment as the Active Component.

Our membership asks your help with the following:

- 4 CH 53E's Helicopters
- Continue to support funding for critical ground equipment such as night visions devices, sleeping bags and radios
- Ensure delivery of the additional 24 M1A1 tanks authorized by the Congress last year
- Assist in releasing the NGREA money (\$87.5 million) for 7 AH1W's Cobra's that Congress authorized last year

NGREA. The Continued National Guard and Reserve Equipment Appropriation (Congressional Add-ons) allow fielding of reserve unique training devices and equipment. The appropriation also purchases new aircraft to modernize reserve aviation with aircraft types in the active inventory. In some cases NGREA supports accelerated fielding of tactical systems and equipment, thus keeping the USMCR current with the active component and providing measurable enhancements to readiness. The FY-96 request is for \$85 million in miscellaneous equipment priorities. The new aircraft request is \$269 million with the CH-53E heavy helicopters as the top FY-96 priority. Recent difficulties with NGREA block funding through DoD has hampered USMC attempts to modernize the force. MCROA would ask Congress to return to the line item appropriation of NGREA to each Service which would assure equitable resourcing of reserve needs.

FIXED WING CAPABILITY. MCROA is concerned about the Total Force tactical jet capability of the Marine Corps that is dedicated to the support of the Marine Corps Expeditionary

Forces. MCROA supports the SecDef report to the President (Apr94) which outlines 16 active F/A-18, 7 active AV-8B and 6 Reserve F/A-18 squadrons.

VII FACILITIES

We request **funding for Facility Maintenance Backlog and Military Construction Backlog** that are necessary to address long-standing deficiencies and ensure adequate, well maintained facilities at our 191 sites nationwide. We are woefully under capitalized in some of our training sites.

BRAC . The impact of earlier BRAC decisions has relocated some units in the Marine Forces Reserve and caused personnel turbulence, dislocation and recruiting problems. Temporary end strength shortfalls caused by BRAC in FY 95 should be remedied during FY96 and 97.

MCROA's concerns with BRAC are twofold: First, we believe some BRAC-93 decisions were made without adequate analysis relative to location of Marine Corps Reserve sites. The BRAC-95 language allowing redirection requests of previous year decisions was a significant help. The Marine Reserve Forces succeeded in achieving DON recommended redirection for two SMCR sites affected by BRAC-93. In two other redirect requests, they were unsuccessful. MCROA continues to believe that significant cost avoidance is possible if we can prevail in achieving these redirects. Pursuing options other than the BRAC-93 language for Marine Reserve units at NAS Glenview, Illinois and NAS Alameda, California could save an estimated \$18M in onetime costs for the Glenview units, and over \$1M per year operating costs for the

NAS Alameda unit. Our second BRAC concern is ensuring funding is made available for timely execution of relocations. Without BRAC funding, the Marine Forces Reserve are forced to execute moves using scarce dollars in the Marine operating budget.

ENVIRONMENTAL CLEAN-UP COSTS. Unfunded costs for environmental clean-up programs will siphon off sorely needed funds from important military programs and activities. We recognize that environmental costs are important and request Congress to appropriate the \$3 million increase necessary to support mandated environmental improvements.

VIII POLICY AND ORGANIZATIONAL ISSUES

MCROA would like to recognize the superb and enthusiastic support of the SMCR by General Carl E. Mundy Jr., the Commandant of the Marine Corps. He recently redesignated the Marine Reserve Force as Marine Forces Reserve to ensure all Marines understand the importance of this major "Force" Command to the Total Force Marine Corps. The Marine Corps now recognizes three major Force Commands: Atlantic, Pacific and Reserve. MCROA also would like to recognize the contributions of Major General James T. Livingston, the Commanding General of Marine Forces Reserve, a true warrior, leader, visionary and patriot who improved the readiness of the force beyond its Desert Storm capabilities (with fewer resources). Both these Generals of Marines will retiring this year and have earned the enduring respect of Citizen Marines. We are looking forward to working with General Krulak who uniquely integrated Reservists into the

Total Force Team and effectively utilized the 4th FSSG resources during Desert Shield/Storm while he was the 2nd FSSG Commander.

USACOM. MCROA is opposed to the assignment of Marine Reserves to the CINC USACOM. Because of our unique mission and size, the Marine Force Reserve needs to maintain flexibility for augmentation and reinforcement of our active force (a seamless force). MCROA strongly recommends that the Marine Corps retain, train and mobilize its own forces under its current service authority, as stated in Title 10, U.S.C.

SUMMARY

The Marine Corps Reserve is an integral part of the Total Force that you designated in 1952 as shipborne expeditionary forces, a "versatile force in readiness".

MCROA respectfully requests that the Congress provide the following resources for the Marine Corps Reserve:

- increase SMCR end-strength to 43,090
- \$8 million ADSW (RPMC Account) for Active Component Support
- 4 CH 53E Helicopters
- \$30 million increase in O&M funding
- \$3 million for environmental program
- 24 M1A1 Abrams Tanks
- 7 AH-1W Cobra Helicopters (FY95 NGREA)

Please remember that the Marine Corps Reserve is the smallest of all the service Reserve Components in absolute numbers and relative to its Active Component. And a small change in manpower and equipment funding yields big increases in combat capability.

Finally, MCROA believes that Congress appreciates the capability and proven performance of your Total Force Marine Corps and will provide the authorization and appropriations necessary to man, equip and train the nation's Force in Readiness.

Thank you, Mr. Chairman and Distinguished Members of this Committee for inviting MCROA to present its views on the FY 96 Defense Authorization Bill.

As always, your Marines are extremely grateful for the support of the Congress. I stand ready to answer your questions.

MARINE CORPS RESERVE CONTRIBUTIONS TO THE MARINE CORPS

<u>Unit Type¹</u>	<u>Number Units</u>	<u>Percent of Marine Corps</u>
Civil Affairs Groups	2	100%
Air-Naval Gunfire Liaison Companies	2	50%
Tank Battalions	2	50%
Force Reconnaissance Companies	2	50%
Infantry Regiments	3	27%
Light Armored Infantry (LAI)	1	25%
Engineer Support Battalions	1	25%
Landing Support Battalions	1	25%
Artillery Battalions	5	33%
Combat Engineer Battalions	1	33%
Assault Amphibian Companies	2	20%
Reconnaissance Platoons	12	40%
Headquarters and Service Battalions	1	25%
Maintenance Battalions	1	25%
Supply Battalions	1	25%
Motor Transport Battalions	1	25%
Medical Battalions	1	25%
Dental Battalions	1	25%
Communications Battalions	1	25%
<u>Aircraft Types²</u>		
Marine Aircraft Wing	1	25%
Marine Aerial Refueler Transport Squadron	2	40%
Marine Wing Headquarters Squadron	1	25%
Marine Aircraft Group	4	29%
Adversary Squadron	1	100%
Marine Aviation Logistics Squadron	4	26%
Marine Light Attack Helicopter Squadron	2	25%
Marine Fighter/Attack Squadron	4	33%
Marine Attack Squadron	2	22%
Marine Medium Helicopter Squadron	2	12%
Marine Heavy Helicopter Squadron	2	18%
Marine Air Control Group	1	25%
Marine Wing Communications Squadron	1	18%
Marine Tactical Air Control Squadron	1	25%
Marine Air Support Squadron	1	25%
Low Altitude Air Defense (LAAD) Battalion	1	33%
Light Antiaircraft Missile (LAAM) Battalion	1	50%
Marine Air Control Squadron	1	21%
Marine Wing Support Group	1	25%
Headquarters and Headquarters Squadron	1	25%
Marine Wing Support Squadron	4	29%

Notes:

1. Percentages determined by counting like-type units.

2. Percentages determined by counting primary authorized aircraft.

Source: Marine Corps Reserve.

Data as of September 30, 1994.

Enclosure (1)



T H E M I L I T A R Y C O A L I T I O N

201 North Washington Street
Alexandria, Virginia 22314

**STATEMENT OF THE MILITARY COALITION
BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE OF
THE HOUSE NATIONAL SECURITY COMMITTEE**

Presented by

**The Military Coalition
Co-Chairman Guard/Reserve Committee**

**Michael P. Cline
Master Sergeant, Army National Guard (Ret)
Enlisted Association of the National Guard of the United States**

March 23, 1995

Summary of the recommendations made by The Military Coalition

1. **Reserve Transition Benefits:** Reserve Transition Benefits are necessary to help Reserve component Enlisted soldiers over a period of time during the drawdown period. Since 1993, attempts have been made by DoD and National Guard Bureau to erode these benefits. In addition, Military Technicians who are eligible for a full annuity should be authorized to receive transition benefits.
2. **Unemployment Compensation:** States should be prevented from reducing unemployment compensation benefits by certain remuneration for services in the National Guard and Reserves. When unemployed and applying for unemployment compensation, they are penalized for the week ending on Saturday and also for the week starting on Sunday in computing compensation.
3. **Inactive Duty Points Creditable for Retirement:** The current limit on the number of points that may be credited for retirement purposes does not reflect the current training and proficiency demands placed on members of the National Guard and Reserves to meet readiness and mobilization standards and therefore should be changed to allowed crediting of *all* inactive duty points earned.
4. **Demographics of Reserve Components:** Demographics is a critically important aspect which affects manning, effectiveness and readiness of National Guard and Reserve units. In this view, it is very important that bases targeted for closure be evaluated for their military value as Reserve activities.
5. **Miscellaneous Tax Deductions:** Members of the National Guard and Reserve incur unreimbursed expenses for travel to drill sites, meals, lodging, uniforms and duty-related

dues and subscriptions. Amendment to the Internal Revenue code would allow deduction of unreimbursed expenses as an adjustment to gross income to include travel, business meals, lodging, uniform maintenance and other expenses related to Guard or Reserve participation.

6. **Employer Tax Incentives:** A tax credit to employers who hire members of the National Guard and Reserve would serve as an incentive to civilian employers to hire members of the National Guard and Reserves.
7. **Dental Readiness:** A dental care plan for members of the National Guard and Reserve is needed in order to improve readiness. Studies have shown that nearly 60% of the members of the Guard and Reserve do not have a comprehensive dental plan through the private sector. In addition, military dental care is not provided to members of the Selected Reserve.
8. **Commissaries:** Extension of unlimited commissary privileges to Guard and Reserve members would act as a positive recruiting and retention tool and recognize their contributions to the defense of the nation.
9. **Space A Travel for retired Reserve members and their dependents to OCONUS locations prior to members reaching the age of 60:**
10. **Loss of Income Protection:** Income protection should be made available to all members of the National Guard and Reserves regardless of level of income. Advocated is a self-sustaining program in which the cost is absorbed by its members.
11. **Plight of Self-employed Reservists and Retirees for Operation DESERT STORM:** Many Reservists and Retirees who were called to serve in Operation DESERT STORM found themselves in dire financial straits as a result of their service. Long-term, low-interest loans or grants are needed to enable these individuals to who suffered tremendous financial losses to get themselves back on their feet financially.

Mr. Chairman and distinguished members of the Committee:

I would like to thank the Chairman and distinguished members of the Subcommittee on Military Personnel of the House National Security Committee on behalf of The Military Coalition for the opportunity to submit testimony and for holding these hearings. The Military Coalition thanks the Committee and distinguished members of the Force Requirements and Personnel Subcommittee on Armed Services for holding these important hearings. The testimony provided herein represents the collective views of the following military and veterans organizations collectively known as *The Military Coalition (TMC)*:

- ▶ Air Force Association
- ▶ Air Force Sergeants Association
- ▶ Association of Military Surgeons of the United States
- ▶ Association of the United States Army
- ▶ Chief Warrant and Warrant Officers Association
- ▶ Commissioned Officers Association of the U. S. Public Health Services, Inc.
- ▶ Enlisted Association of the National Guard of the United States
- ▶ Fleet Reserve Association
- ▶ Jewish War Veterans of the United States of America
- ▶ Marine Corps League
- ▶ Marine Corps Reserve Officers Association
- ▶ Military Chaplains Association of the United States

- ▶ National Association for Uniformed Services
- ▶ National Military Family Association
- ▶ Naval Enlisted Reserve Association
- ▶ Naval Reserve Association
- ▶ Navy League of the United States
- ▶ Non Commissioned Officers Association of the United States
- ▶ Reserve Officers Association
- ▶ The Retired Enlisted Association
- ▶ The Retired Officers Association
- ▶ United Armed Forces Association
- ▶ United States Army Warrant Officers Association
- ▶ USCG Chief Petty Officers Association
- ▶ United Armed Forces Association
- The National Order of Battlefield Commissions (Associate Member)
- Army Aviation Association of America (Associate Member)

The Military Coalition, a consortium of 27 military and veterans' associations represents 3.75 million members of the seven uniformed services who are officer and enlisted, active, National Guard, Reserve and retired.

The Military Coalition consists of eight of standing committees: Base Closure/Military Construction, Military Personnel and Compensation, Former Spouses Issues, Retires Activities, Guard and Reserve, Military Health Care, Survivors Benefits, and Taxes/Ways and Means. Issues, included in this statement are thoroughly reviewed and studied by the committees prior to presentation to the full Coalition for its consideration. The Coalition operates under a “rule of five;”and if five or more member associations object to a proposed initiative, the initiative will not be placed on the Coalition’s legislative agenda. The recommendations offered in this statement were adopted by the Coalition.

THE CHALLENGE

The National Guard and Reserve forces are experiencing unprecedented changes across a broad spectrum of roles and missions while undergoing significant personnel reductions and very limited resources. This is the challenge that confronts all elements of the military. The Coalition has counseled caution during this period of transition and vigilance with respect to how these changes are impacting the National Guard and Reserve forces.

Along with the issues relevant to force structure, mix, roles, missions and equipment, there are also important issues that pertain to recruiting, training and retaining the best qualified people for the Armed Forces. These are people issues and must receive the highest priority now and for the foreseeable future to ensure that the nation is afforded the best possible Reserve force.

More than at any other time in the nation's history, increasingly greater reliance and importance are being placed on the Reserve Components of the Total Force. With that perspective, this statement focuses on the people issues surrounding the challenge to ensure that the lives and careers of the Nation's outstanding citizen-patriots are rightfully and duly considered. The Coalition considers the major issues of concern are:

- ◆ Transition Issues
- ◆ Compensation Related Issues
- ◆ Base Closures
- ◆ Tax Issues
- ◆ Medical and Dental
- ◆ Morale and Welfare Issues
- ◆ Retirement Credit for Earned Inactive Duty Points
- ◆ Mobilization/Activation Issues

TRANSITION ISSUES

Reserve Transition Benefits. The Coalition is grateful for the extension of the Reserve Transition Benefits (RTB) enacted as a part of the Fiscal Year 1993 Defense Authorization Act and subsequently codified in Title 10. These incentives have been and will continue to be an important and valuable force-shaping tool while simultaneously ensuring fairness and equity to those members involuntary separated during the downsizing period. However, DoD Continues to change the Transition Program for Reservists. DoD recent change gives the Service Secretaries the authority to set the limit on payments made to individuals not retained. Military Technicians who are

separated and lose their Civil Service Job and are entitled to a full-annuity are not eligible for Transition Benefits. While another Civil Service in a different government position are entitled to Transition Benefits. The Coalition urges the Congress to reinstate the Program as initially proposed.

COMPENSATION ISSUES

Unemployment Compensation. National Guard and Reserve members who lose their primary civilian employment are authorized to apply for state unemployment compensation; however, eligibility for State benefits is determined by each State and varies considerably.

Some States exclude Guard and Reserve drill pay earnings in computing eligibility for unemployment compensation. Other States include such earnings in the eligibility computation depending on the different State-established thresholds. Guard and Reserve drill pay earnings may disqualify the extension of employment benefits. Further, some State reduce the monthly benefits based on receipt of limited income derived from drill pay. A further consequence in some States is that Guard and Reserve personnel have had to terminate their Reserve service in order to qualify for unemployment benefits when their primary job has been lost.

The Coalition believes that Guard and Reserve drill pay earnings should be treated in a standardized, national manner in determining unemployment compensation benefits; specifically, that these earnings should not be considered in the computation to determine eligibility for unemployment compensation benefits. National legislation to standardize the treatment of drill pay earnings in unemployment compensation claims is required and the Coalition urges Congress to address this

issue.

Inactive Duty Training Points Creditable for Retirement. The evolution of the Total Force Policy has substantially increased the training demands, both military and professional/technical, placed upon individual members of the National Guard and Reserve. The training, now required, considerably exceeds the traditional scheme of one weekend per month and two weeks each year. Yet, the law governing the creation of retirement points earned through inactive duty training was written in 1947 and a Congressional review of the law has not occurred in the 47 years since its enactment. Clearly, the provisions of the law pertaining to crediting of inactive training point towards retirement are antiquated and inconsistent with modern day levels of training required of and performed by National Guard and Reserve members. Therefore, the Coalition requests that this subcommittee review that portion of Reserve retirement law that limits inactive duty training points to 60 per year. The Coalition urges Congress to enact legislation to increase the inactive duty training points creditable for retirement to a level consistent with the training demands now placed on National Guard and Reserve members.

BASE CLOSURES

Demographics of Reserve Components: The demographic aspects of base closures are of critical concern to all the Reserve components. Reservists are anchored by domicile and livelihood to a particular area. Unlike active component members, Reservists do not transfer to a new location when their unit of assignment is deactivated, decommissioned or relocated. Within this reality, demographics are a critically important aspect affecting manning, effectiveness and readiness of

National Guard and Reserve units.

The Coalition is concerned that Reserve demographics are not receiving sufficient attention on BRAC deliberations prior to the Commission making a recommendation to relocate or disestablish a Reserve component unit or activity. The Coalition urges Congress to suggest to the BRAC Commission that they require a thorough analysis of the demographic impact on Reserve unit's manning and readiness from a proposed closing. Further, the Coalition believes that all Reserve bases considered for closure must be evaluated for their military value as Reserve activities and not compete with major Active forces installations, as is currently the case.

TAX ISSUES

Miscellaneous Tax Deductions. Prior to enactment of the Tax Reform Act of 1986, members of the National Guard and Reserve, as employees, were permitted to deduct expenses related to their military duties. In particular, travel and transportation expenses to a drill site in excess of any reimbursement (considered an employee travel and transportation expense) were deductible as an adjustment to income. These deductions were made from gross income in arriving at adjusted gross income and have been described as "above the line" deductions. In addition, other duty-related expenses in excess of reimbursement (e.g. uniforms) were deductible as miscellaneous itemized business deductions. Total itemized deductions in excess of a standardized amount were subtracted from adjusted gross income to determine taxable income.

The restoration of deductions for expenses incurred in connection with National Guard or Reserve service to those allowable prior to the 1986 Tax Code revisions has been a goal of the Coalition since those deductions from adjusted gross income were eliminated. The action taken in 1986 failed to recognize the substantial monetary outlays which many service members incur to voluntarily serve in the Reserve components of the Armed Forces. Further, the action taken in 1986 was widely perceived as a strong negative statement regarding the value of Reserve service precisely at a time when greater dependence was being placed on the individual Reservists.

The Coalition believes that permitting individual tax deductions for travel, transportation, uniforms and other incidental expenses incurred while performing Reserve service is a tangible and meaningful means to recognize and reward the valuable service of Reserve component volunteers. The Coalition urges Congress to restore deductions for expenses incurred in connection with the National Guard and Reserve service to those allowable prior to the 1986 Tax Code revisions.

Employer Tax Incentives. Monetary incentives have been used with great success to influence employment in particular segments of the private work force. There is every reason to believe that similar success could be achieved to surmount an employer's reluctance to hire a member of the Reserve components. A solid rationale for these incentives was presented as a part of the Sixth Quadrennial Review of Military Compensation (QRMC) that focused exclusively on Reserve Compensation and related matters. With continuing greater emphasis and reliance on Reserve forces, the need for a mechanism, to address the additional guard-reserve employee costs associated

with their absence, is probably more important than ever before.

Previous legislative attempts to address this issue have been unsuccessful primarily due to cost. Given current fiscal realities, the Coalition recognizes that broad incentives similar to those recommended by the QRMC are unlikely to be achieved.

An alternative is to target a tax incentive for those periods when an employer's associated costs are greatest; namely, when a Guard member or Reservist is absent for extended periods (e.g., mobilization, declared contingency, or other activation of an extended duration). The Coalition believes this would at least ensure a modicum of recognition as well as an incentive, to those employers forced to deal with the absence and additional costs of employees who are activated for extended periods, other than for training, in the nature of 30 or more days. The Coalition does not have the capability to cost out such an alternative. Obviously, it would be substantially less than broader proposals that were recommended.

MEDICAL AND DENTAL

Dental Readiness. The ability of a service member to perform his or her military mission is dependent upon a high state of mental and physical (including dental) readiness. Surveys have revealed that nearly sixty percent of National Guard and Reserve component members may not have a comprehensive dental care plan through the private sector nor is military dental care provided to members of the Selected Reserve.

The activation of National Guard and Reserve members for Operations DESERT SHIELD/ DESERT STORM brought to light the seriousness and magnitude of the problem of dental readiness within the Reserve components. Compounding the problem is the prohibition (either by law or regulation) of National Guard and Reserve dental officers and technicians from providing dental care and treatment while performing inactive duty for training.

The Coalition has actively advocated legislation to provide a dental care plan for members of the National Guard and Reserve who are members of the Select Reserve. The Coalition believes that this is a readiness issue of significant importance and that Reservists members should be afforded the opportunity for enrollment on the same basis and cost as family members of active forces when the Reserve member is ordered to active duty under statutory authority, other than for training, for periods in excess of 30 days.

MORALE AND WELFARE ISSUES

Commissaries. Guard and Reserve component members, along with "gray area" retirees, who have served their nation for at least twenty qualifying years, are, as of approximately five years ago, permitted twelve discretionary visits each year. This was a widely supported change from the previously authorized privilege that was restricted to annual training periods only.

Implementation of the revised commissary privilege was accomplished by the issuance of a DoD Commissary Privilege Card. In addition to identifying the eligible member, the card reduced the propensity for fraud and abuse of the privilege. Unfortunately, the cost and time involved to print, prepare and issue the commissary cards is significant. The entire process has, in the Coalition's opinion, created an unnecessary and expensive administrative burden that by all measures is still not working well.

The extension of unlimited commissary privileges to Guard and Reserve members would have several advantages. First, with the downsizing of the active force, a greater reliance must be made on the Guard and Reserve forces. Expansion of commissary benefits would act as a positive recruiting and retention tool and recognize Guard and Reserve members' contributions to the defense of the nation. Second participation of the Guard and Reserve as commissary patrons would ensure the continued viability of the commissary system and ultimately benefit active duty members, retirees, and their families. Further, it would eliminate the estimated \$17 million administration cost of the current commissary card system.

The Coalition has for a numbers of years advocated that National Guard and Reserve members, who are member of the Selected Reserve, be granted unlimited commissary privileges. The Coalition has also advocated that gray-area retirees (those retired Reserve members not yet 60) be extended unlimited privileges.

The Coalition urges Congress to extend such privilege to these members. There would be no increase in appropriations for such a change since the actual impact on the commissary system would be negligible although the *perceived* benefit would be enormous. The military spends in excess of 15 million dollars a year in managing the commissary Card.

Space A Travel for Retired Reserve Members and their Dependents to OCONUS Locations Prior to the Members Reaching the Age of 60: It would not cost another penny to extend this benefit to include retirees in the already eligible group. As the force is drawn down the unnecessary work load caused in managing the Commissaries Card will distract in readiness.

MOBILIZATION/ACTIVATION ISSUES

Loss of Income Protection: The Coalition fully supports the concept of loss of income insurance protection for activated Guard and Reserve members. The financial hardships endured by many Reservists during Operations DESERT SHIELD/ DESERT STORM cannot be allowed to be repeated. It is incumbent upon Congress to address this issue expeditiously.

It is the Coalition's position that loss of income protection must be made available to all Guard members and Reservists and not to select groups or individuals (i.e., doctors, nurses, lawyers, pilots, etc.) as some have suggested. The amount of one's civilian income should not be the deciding factor as to whether their potential income loss is protected. The financial hardship incurred through activation can be just as devastating to an E-4 equipment operator and his/her family as that incurred by a physician.

Income loss insurance should be standardized across the board, regardless of income level. In addition, it should be a self-sustaining program that does not require appropriated funds. Instead, the costs of the program would be absorbed by its participants who may elect coverage and the level and amount on an individual basis. DoD has forwarded proposed legislative initiative and the Coalition supports this initiative.

Plight of the Self-employed Reservists and Retirees Activated for Operation DESERT STORM:

Self-employed, recalled Reservists contribute to the readiness, preparedness and combat capability of the coalition forces that participated in Operation DESERT STORM. Many self-employed Reservists across the country have found themselves in dire financial straits as a result of their absence from their businesses during Operation DESERT STORM. The effect on these self-employed Reservists' businesses is as disastrous as a flood or other natural disasters. These individuals are patriotic citizens who sacrificed much to serve their country and warrant proper consideration from the government they risked their lives for and this nation has a reciprocal responsibility to provide these self-employed recalled Reservists with the minimal financial support they need to restore their businesses to the pre-Desert Storm financial condition.

We urge the Congress to pass legislation comparable to other disaster loan and grant criteria to provide long-term, low-interest loans and grants to self-employed recalled Reservists and Retirees who were involved in Operation DESERT STORM/DESERT SHIELD.

CONCLUSION

In summary, The Military Coalition supports recognition of the value of National Guard and Reserve service and equity in determining eligibility for benefits. National Guard and Reserve service represents a cost effective way to maximize defense capability.

The Coalition is sincerely grateful for the opportunity to testify on these issues that impact the lives and careers of the nation's citizen-soldiers, sailors, marines, and airmen. The Coalition requests that these people issues not be overlooked when addressing the other major challenges confronting the Armed Forces and Congress. The Coalition suggests that the issues identified in this statement are inextricably linked to the quality and readiness of the nation's Reserve forces.

Thank you.

**STATEMENT OF
MICHAEL P. CLINE (RET)
MASTER SERGEANT**

EXECUTIVE DIRECTOR

BEFORE THE

**MILITARY PERSONNEL SUBCOMMITTEE OF
THE HOUSE NATIONAL SECURITY COMMITTEE**

23 MARCH 1995

Mr. Chairman and distinguished member of the Subcommittee on Military Personnel of the House National Security Committee, the Enlisted Association of the National Guard of the United States (EANGUS) would like to thank you for the opportunity to submit testimony on National Guard/Reserve Issues. The testimony herein represents the collective views of the members of the Enlisted Association of the National Guard of the United States.

The Total Force Policy was proven by the military actions of Operation Desert Shield/Desert Storm in that the National Guard, when integrated as a full partner in the Total Force, executed the programmed pre-mobilization and post-mobilization training requirements according to plan, provided ready and capable units in response to mobilization and deployment orders, and performed its assigned missions. Force Structure is developed from threat assessment and corresponding national defense strategy. But realistically, force structure is tailored by the availability of dollars to build and sustain the force. The Total Force Policy was designed to provide the most force capability for the least cost.

The lessons learned in Operation Desert Shield/Desert Storm have not been completed, evaluated, or assimilated into the proposed defense strategy. If airlift and sealift are not available to transport a unit within the first 60 to 90 days, and/or a unit is required in the structure but is not required for immediate deployment, that force structure should be placed in the National Guard.

For years, Air National Guard (ANG) units have competed with the best of their active duty counterparts and have taken top honors home to their states. The National Guard has proven, time and again, that it is a vital part of the Total Force. Members of the Defense Department and Administration continue to question the performance of National Guard units in combat. EANGUS believes the rhetoric is not based on fact, but on "turf preservation." For over 358 years, in every war, the combat records of the National Guard prove that the Guard will fight *and* win, if, and when, it again becomes necessary.

EANGUS believes that Congress has decided that the modernization effort has been worthwhile and successful. We also believe that the National Guard will continue to provide an essential element in the Nation's defense capability and will receive new missions as the review is digested by the Congress. The National Guard adds value to America with the continuing "home town" support missions it provides and also through its drug eradication mission.

U.S. CONSTITUTION

The U.S. Constitution states, in Article I, Section 8, Clause 15, "Congress shall have the power to provide for calling forth the Militia to execute the laws of the unions, suppress insurrections and repel invasions." The National Guard derives its power from Article I, Section 8, Clause 16, "to provide for the organization, arming and disciplining of the militia for governing such a part of them as may be employed in the service of the United States, reserving to the states respectfully, the appointment of the officers and the authority of training the militia according to discipline prescribed by Congress."

UNITED STATES CODE

Section 263, Title 10 U.S.C., "United States Code sets the general policy that the Guard is the primary backup to the active ground and air components." Section 263 also states, "whenever Congress determines that more units and organizations are needed for the national security than are in the regular components of the ground and air forces, The Army National Guard of the United States and the Air National Guard of the United States are such part of them as are needed, together with the units of other Reserve components necessary for a balanced force, shall be ordered to active federal duty and retained as long as needed."

Section 102 of Title 32 U. S.C. indicates that it is essential that the strength and organization of the Guard, as an integral part of the first line of defense of the United States, be maintained and assured at all times. Section 102 also states, in accordance with the traditional military policy of the United States, the National Guard is the only force that has a dual mission, both federal and state. The federal mission is to maintain properly trained and equipped units to be available for prompt mobilization for war, national emergency, or when otherwise needed. The National Guard's state mission is to provide trained and disciplined forces for domestic emergencies, or as otherwise required by state law.

In its dual mission status, the National Guard is the first responder to domestic crises; the active component is its backup. In addition, the Guard is the primary backup to the active force meeting external requirements. In its internal mission, the Guard provides disaster relief and military relief to civil authorities. In its external mission, the National Guard provides strategic insurance, a deterrent hedge, deployable worldwide volunteers, a contingency force pool, and humanitarian operations to its communities.

The National Guard is the nation's community-based defense force, providing a link to the American people. Many times, the only military uniform the American public sees is the one worn by National Guard members while performing domestic missions. This is an immeasurable, priceless commodity. Currently, the National Guard has over 3,500 units in more than 3,000 communities across the United States. During its history, the National Guard has served proudly during such wars as the Puget War, the French and Indian War, the Revolutionary War, the Vietnam War, the War of 1812, the Civil War, the Spanish American War, WWI, WWII, the Korean War, the Berlin Crisis, Libya, and Panama. During the Persian Gulf War, it became obvious that the American people supported the call-up of the National Guard.

The Congress, after years of supporting the build-up of the National Guard and other Reserve forces to attain a creditable war capability, is now faced with continuing budget problems. As Congress debates the budget, they must seriously review the performance of the National Guard during 1994. The Guard not only performed real missions such as Operation Southern Watch in Iraq; Operation Restore Hope, Mogendishu; Operation Deny Flight, Iraq, and Operation Provide Comfort, but also improved quality of life in Jamaica, Honduras, Panama, and yes, even in the United States through nation building missions.

The Guard has a secondary mission of providing support to Governors and citizens of the United States in times of disasters and civil disturbances. The Guard was on the front lines of the earthquakes in Los Angeles. They manned sand bags and flew thousands of hours of emergency relief during the floods in 1994 in Georgia.

STATE EMERGENCY MISSIONS	
FY 94	
Fire Fighting Support	117
Transportation	10
Water Haul	59
Shelter	10
Aviation	9
Search & Rescue	50
Storm Support	5
Miscellaneous	47
Law Enforcement	10

But it doesn't stop there! While these missions were being conducted, other Guard personnel were providing operational support against the war on drugs. In FY-94, the National Guard received a budget of \$200 million for this war. The return? \$96.886 Billion of confiscated drugs and properties were taken off our nation's streets!

National Guard Assisted Seizures
Fiscal Year 1994

Cash	\$ 215,951,369
Marijuana Plants	835,860,219
Marijuana (Processed)	831,656
Cocaine	230,713
Heroin (lbs)	2,298
Opium (lbs)	619
Hashish (lbs)	303
Vehicles	8,350
Weapons	18,657
Arrests	91,843
Street value of drugs	\$96.886 BILLION

The Guard provides help to our nation's youth with the Star Base and Challenge programs. And if that's not enough, Guard units across this great nation collect and distribute tons of food and clothing for the needy while continuing to train for its mission as a full member of the "Total Force."

Although there are limits on the availability of citizen-soldiers for extended training periods or repeated calls to active duty, the accessibility of National Guard members and units, when needed,

should not be a limiting factor in defense planning. The availability of Air Guard forces through day-to-day training activities or voluntary short periods of active duty, has been established and recognized. The Army Guard has taken measures to improve accessibility through programs such as Standard Bearer in which units that are most likely needed for short notice contingency requirements are identified, provided with a higher level of resources and training, and require their members to volunteer in advance for immediate call-up and deployment.

In this period of unknown threats but relative peace, the National Guard continues to be a very cost-effective means of helping to achieve the goals of American foreign and domestic policy. Its dual role as the primary federal Reserve force and first responder for state and local emergencies provides a multiple return on invested resources. The part-time nature of the force and the overall relatively low peacetime operating tempo allow for maximum defense capability at minimum cost to our nation.

As the debate over competing priorities for national defense and domestic programs continues, pressure is being applied to reduce the resources devoted to the nation's defense needs. The goals of cutting the budget deficit, initiating and expanding several domestic programs, and establishing basic health care as a national entitlements program will create even greater pressure on the defense budget in the future. The community-based National Guard can continue to serve as a capable and affordable essential element in the first line of defense for the nation.

The uncertainty of future threats was recently highlighted by the results of the election process in Russia and the impact of nationalistic disturbances in other countries. As follow-on to the Bottom-Up Review, Department of Defense officials have indicated that, as the nation reduces the size of the active forces, it must use the Guard and Reserve as a form of "compensating leverage" to reduce risks and contain defense costs. Recent world events certainly support that position.

There are increasing concerns that defense cuts may be going too far, too fast. Questions have arisen whether the forces proposed as a result of the Bottom-Up Review will be capable of conducting two nearly simultaneous major contingency operations and whether the proposed Total Force levels will provide sufficient deterrent and strategic Reserve capability to counter any unknown future danger. Maintaining a capable and affordable National Guard will be an essential part of the solution.

The Air and Army National Guard represent a stable force that act as a storehouse for skilled personnel and can act as an effective structure to retain skilled personnel departing the active services during the drawdown. History has proven that a National Guard unit cannot be reconstituted as rapidly as the active component units; therefore, it would be short-sighted to reduce Guard forces commensurately with the active force drawdowns. The Air and Army National Guard served with distinction during Operation Desert Shield/Desert Storm (Persian Gulf War). They unquestionably validated their abilities to protect the home front by supporting National Guard families, cities, and townships throughout this nation in united support of our declared national objectives in the Persian Gulf.

FULL-TIME SUPPORT

A critical priority is full-time support for National units. Over the years, we have seen an erosion in this area, to the point where the Army National Guard is only funded for 60% of its full-time requirements. This problem is magnified as we attempt to manage tiered readiness. With the requirement for greater full-time support in early deploying units, the percentage for later deploying units will fall further below acceptable levels.

Both the Army and Air National Guard are facing a crisis with planned military technician cuts. A 20% OSD directed technician cut will directly impact readiness of all our units, cutting into the heart of our maintenance force. The results will be no less than devastating.

Language in the FY 95 Appropriations Act exempted the National Guard from arbitrary cuts this year, but we expect the Department of Defense to proceed with planned cuts for FY 96 through FY 2001. We must make sure everyone understands the severity of these planned cuts for the entire National Guard. If these cuts occur, not only will jobs be lost, but we will face a serious challenge to our ability to perform both our national defense and domestic missions.

EANGUS supports a strong Active Army Advisor Program to enhance Army National Guard combat training and readiness with Active Army leadership knowledge. The National Guard's role under the Total Force Policy is substantial and requires high levels of readiness. The capability of National Guard units and personnel to mobilize, deploy, integrate, and operate was amply demonstrated during Operation DESERT SHIELD/STORM. The National Guard will continue to play an essential role in our Nation's defense. The level of full-time support manning has a direct and demonstrated influence on readiness capability. Full-time Support Manning is a pivotal element in pulling together the day-to-day unit operations in the functions of administration, personnel, supply, and training preparations and in enhancing the quality of training by making inactive duty training periods and annual training more efficient and effective.

STABILIZING THE FORCE STRUCTURE

Since the late 80's, the entire Department of Defense has been involved in massive downsizing. While much of this is a necessary response to the end of the Cold War, it has nonetheless created a great deal of turmoil in our force.

One bright spot has been the Off-Site Agreement between the Army, Army Reserve, key associations and the National Guard. This agreement gives the Army National Guard a "road map" for future force structure actions. The Off-Site Agreement is not a panacea that absolved us from the pain of drawdown. It involves painful cuts. However, we have worked hard to minimize the impact and "spread the hurt" as much as possible. It is vital that we preserve the Off-Site Agreement, because I am convinced that the alternative would be much worse. If the agreement comes apart, we would inevitably find ourselves in continuing battles with the other components that would drain our resources, our energy and our talent that could better be used to further the goals of national defense.

We need to remain steadfast in our resolve to retain our divisions. These divisions have an imbedded capability critical to our performance of our domestic mission. To ensure the future of the divisions, we must strive for relevant wartime missions for these units.

FUNDING EQUAL TO THE REQUIREMENT

We must secure adequate funding to do all the things we are required to do as a vital partner in the Total Force. This means ensuring we have enough O&M dollars to convert into training, readiness and operational capability.

O&M funding becomes especially critical in light of increased operations tempo. The Air National Guard has been supporting real world contingencies at a record rate, and will continue to do so. The Army Guard's recent participation in MFO Sinai and mobilization in support of Restore Democracy demonstrates increased reliance on the Guard in peacetime operations. The Assistant Secretary of Defense is proposing that real world missions can be substituted for annual training in some instances. All of these indicators point to an increased operations tempo, which in turn dictates funding essential O&M dollars.

For the past several years we have been fortunate in the area of equipment modernization. But, with modern equipment came more training, maintenance, and minor construction requirements. We have continued to fund tank miles and flying hours at adequate levels, but we are doing it at the expense of infrastructure and soldier support. For example, in FY 95, the organizational clothing and equipment account was severely reduced to fund op tempo. Now is the time to focus on prioritizing funding equal to our requirements so that we do not continue to mortgage our future.

FULL-TIME MANNING ISSUES

EQUAL BENEFITS/PRIVILEGES FOR ACTIVE GUARD/RESERVE (AGR) TITLE 32 VERSUS ACTIVE DUTY TITLE 10 SOLDIERS: *EANGUS urges the Congress of the United States to amend laws that would give the AGR Title 32 soldier the same equal benefits/privileges accorded his/her Title 10 counterpart upon release from said service with an honorable discharge.* Active duty Title 10 soldiers receive a specific list of benefits/privileges when they complete an active duty contractual agreement for government employment preference rights. AGR Title 32 soldiers receive a different list for completing the same contractual agreement. Government agencies, when hiring these types of soldiers for employment, have regulations that do not give equal benefits/privileges to AGR Title 32 soldiers compared to Title 10 Active Duty soldiers. AGR soldiers are required to maintain the same military education and physical requirements as a Title 10 Active Duty soldier. The AGR soldier stands ready to defend this great nation and its way of life, the same as a Title 10 Active Duty soldier stationed anywhere in the world.

SPECIAL RETIREMENT PROVISIONS FOR NATIONAL GUARD TECHNICIANS: *EANGUS urges the Congress of the United States to propose legislation for a special Civil Service Retirement for National Guard Technicians similar to that of law enforcement officers, firefighters and air traffic controllers (i.e. Optional Retirement at age 50 with 20 years service or at any age with 25 years service).* Most National Guard Technicians are required to be a member of the military organization where they work full-time. The increased emphasis on the use of the National Guard in most worldwide defense scenarios has mandated an increase in unit readiness posture. This increased readiness posture has resulted in additional training requirements and in more rigorous and realistic war games. This true-to-life, wartime training has resulted in increased early Technician separations due to medical disqualification or selective non-retention based on a soldier's or airman's inability to compete with the younger members.

REESTABLISHMENT OF THE NATIONAL GUARD TECHNICIAN MANNING FLOOR: *EANGUS supports the reestablishment of National Guard Technician Manning Floor at FY 93 levels.* National Guard Technicians are an integral part of our full-time support work force. National Guard Technicians constitute over 60% of our full-time support work force. The elimination of the National Guard Technician floor has, and will continue to result in a significant reduction in funding for full-time manning. The reduction of full-time manning will have a proportional effect on the overall readiness of the National Guard.

CREDIT OF TITLE 32 TIME TOWARDS CIVIL SERVICE COMPUTATION DATES: *EANGUS urges the Congress of the United States to amend laws that would give the AGR Title 32 soldier the same equal benefits/privileges accorded his/her Title 10, United States Code (USC) counterpart upon release from said service with an honorable discharge.* The Federal Law makes a distinction between Title 10, USC and Title 32, USC active duty in the determination of civil service computation dates. Title 10, USC active military service counts for credit in determination of civil service computation dates and Title 32 active military service is not creditable in computation of such dates. The current situation creates a disincentive for Title 32, USC active duty members to enter the military technician force as federal civil service employees. National Guard members attend schools, annual training, and other special training in Title 32, USC status, while Reserve members attend in Title 10, USC status. This inequity exists between components of the selected Reserve regarding the civil service computation dates; a basic issue of fairness demands resolution of the inequity.

PERSONNEL ISSUES

UNEMPLOYMENT COMPENSATION: *EANGUS supports preventing states from reducing unemployment compensation benefits by certain remuneration for services in the National Guard and Reserves.* Members of the National Guard/Reserves perform unit training assemblies. They also perform other training of as few as one day duration on weekends which does not interfere in actively seeking full-time employment during the normal workweek. When members are unemployed and applying for unemployment compensation, they are penalized for the week ending on Saturday and also for the week starting on Sunday in computing compensation.

TRANSITION BENEFITS FOR RESERVE COMPONENT SOLDIERS: *It is the position of the Enlisted Association of the National Guard of the United States that the DoD live up to its commitment to Reserve components and stop eroding Transition Benefits.* Congress established transition benefits in 1993 and allowed the Service Secretaries to implement the program. However, all Service Secretaries had to agree to implement a similar program across all the services.

In 1993 Congress passed the Reserve Component Transition Benefits Program. Since 1993, attempts have been made by DoD and National Guard Bureau to erode these benefits. It is also the Association's position that Military Technicians, who are eligible for a full annuity, are authorized to receive transition benefits since their full-time positions are government-related. Therefore they should be entitled to the same benefits that other government employees would receive.

The Association believes these transition benefits are necessary to help Reserve component enlisted soldiers over a period of time during the drawdown period.

RETENTION OF MILITARY COMMISSARIES: *EANGUS urges the Congress of the U.S. to reject any change which would degrade the effectiveness of the commissary system as an incentive for recruiting and retaining highly qualified personnel.* DoD cost-cutting efforts have produced a number of proposals, e.g., eliminating commissaries in metropolitan areas and operating commissaries in conjunction with or like exchanges as a nonappropriated fund activity. These would greatly reduce the value of or destroy this cost-effective benefit which uniquely symbolizes the nation's gratitude for the hardships which our men and women in uniform are called upon to endure. Commissaries in highly populated areas with competing commercial supermarkets produce commissary income needed to sustain commissaries in less populated areas and overseas locations where acquisition or transportation expenses elevate operational costs.

GUARD AND RESERVE USE OF COMMISSARY: *EANGUS urges the Congress of the U.S. to eliminate the costly and counterproductive 12-times-a-year restriction on Reservists' use of commissaries.* Today's Guard and Reserve member is being increasingly relied upon for our nation's defense and deserves to be treated equitably. The elimination of the 12-times-a-year restriction on the use of commissaries by Guard and Reserve members will allow additional use by those already authorized use of the commissary, add no new patrons, and will save DoD an estimated \$13.5 million annually in costs for printing, distributing and administering the Commissary Privilege card (DD Form 2529) for Guard and Reserve members. The Defense Commissary Agency has calculated that the additional unrestricted use of the commissary by authorized Guard and Reserve members will require no additional appropriations.

INCENTIVE PAY FOR ENLISTED FLIGHT CREW: *EANGUS supports Aviation Career Incentive Pay (ACIP) for Enlisted Flight Crew Members.* At the present time, Enlisted flight crew members receive incentive pay pursuant to the provisions of DODPM, Part Two, Incentive Pay Chapter, Aerial Flights, Section B - Aviation Career Incentive Pay (ACIP) for Rated or Designated Officers, Aviation Cadets and Warrant Officers, 20101-20133. Although they comprise only approximately 12% of all Armed Forces Flight Crews, Enlisted Flight Crew members are an important and vital part of flight operations conducted by the Armed Forces of the United States.

The Armed Forces face identical problems in retaining Enlisted Flight Crew members as it does retaining Commissioned and Warrant Officer Flight Crew members. During military flights, Enlisted Flight Crew members are subjected to the same dangers, hazards and stress as Commissioned and Warrant Officer Flight Crew members. Yet there persists an incentive pay discrepancy between Enlisted Flight Crew members and Commissioned and Warrant Officer Flight Crews. Currently, Commissioned and Warrant Officers Flight Crew members receive in excess of 300% more money than Enlisted Flight Crew members for identical missions. This incentive pay discrepancy between Commissioned and Warrant Officer Flight Crew members and Enlisted Flight Crew members adversely affects the morale of Enlisted Flight Crew members. It would be fair, just, and equitable to amend ACIP.

MILITARY PAY: *EANGUS supports maintaining substantial pay for Guard/Reserves.* The Armed Forces of the United States of America depend heavily upon the volunteer forces to maintain and continue peace throughout the free world. Available manpower to fulfill the future obligations of maintaining that peace will weigh heavily upon the effective recruitment and retention of qualified personnel. Although the expansion of the American economy during the 1980s has created expanding job markets for well-trained military personnel within the highly technical areas of electronics and other military/business related fields, the incentive to continue a military career is decreasing as a result of pay raises which have been held to a minimum level while inflationary pressures have eroded the effective purchasing power of military personnel. The Military Pay Comparability is currently less than 18% of the private sector.

INACTIVE DUTY TRAINING RETIREMENT POINTS CEILING: *EANGUS supports legislation raising the maximum number of inactive duty points creditable annually for non-regular retirement from 60 to 100.* The National Guard/Reserves military retirement system is based upon points accumulated from active duty, authorized inactive duty training periods, and miscellaneous military activities. Members must accumulate a minimum number of points annually to become eligible for retirement but are limited to a maximum of 60 inactive duty training points per year for retirement purposes. National Guard/Reserve members generally accumulate more than the maximum allowable points due to performance of duties that enhance individual technical and professional competence and unit readiness. However, they do not receive credit for much of the training time required to meet these demands.

TAX DEDUCTIONS FOR UNREIMBURSED NATIONAL GUARD EXPENSES: *EANGUS urges the Congress of the United States to amend the Internal Revenue Code to allow deduction of unreimbursed expenses as an adjustment to gross income, to include travel/transportation, business meals, lodging, uniform maintenance, and other expenses relative to National Guard participation.* These expenditures are a direct and unavoidable result of service on behalf of National Defense. Members of the National Guard incur unreimbursed expenditures for travel/transportation to drill sites, meals, lodging, uniforms and duty-related dues and subscriptions. The Tax Reform Act of 1986 changed the treatment of these expenditures from reductions to adjusted gross income to itemized deductions. This change totally eliminated reimbursement for those individuals who do not itemize their income taxes and also significantly reduced the amount of allowances for those who do itemize.

VETERANS STATUS FOR PERSONNEL UNDER 180 DAYS OF CONSECUTIVE ACTIVE SERVICE: *EANGUS supports legislation to provide that personnel called to active duty for less than 180 days during a war or conflict, be awarded veteran status.* Present military standards consider persons for veteran status after they have completed 180 consecutive days of active service. Today's Military consists of volunteers who will be used in "short wars" at the military's convenience. A great number of National Guard and Reserve units are called to active duty for "up to one year." Many volunteers to the military do so for the educational opportunities and have no jobs waiting for them upon return from military service. They come from middle and low economic backgrounds and are able to take advantage of the educational opportunities that will enable them to contribute more to the country because of their higher income level and subsequently higher taxes. Passage of veterans' status for personnel with less than 180 days of active service would help insure them many of the benefits veterans have, such as preference for government jobs.

READINESS ISSUES

STRUCTURE, STRENGTH, READINESS AND CONTROL: *EANGUS urges the Congress of the United States to maximize the defense and domestic response capabilities of the nation, at the least cost, by maintaining the most effective force structure level of the Army and Air National Guard; continue to recognize the cost effectiveness of the dual role capability of the National Guard by fully funding the manpower, equipment and training resources needed to meet their federal and domestic mission requirements.*

STRENGTH LEVELS AND FORCE STRUCTURE OF THE NATIONAL GUARD: *EANGUS urges the Department of Defense and the Congress of the United States in order to maintain the maximum force structure at the minimum cost, to suspend the reduction of National Guard end strength and force structure until the revised threat and national defense strategy are more clearly defined and the roles and missions for the National Guard of the 1990s are fully developed and identified.* The Total Force Policy was proven by the military actions of OPERATION DESERT SHIELD/STORM in that the National Guard, when integrated as a full partner in the Total Force, executed the programmed premobilization and post-mobilization training requirements according to plan, provided ready and capable units in response to mobilization and deployment orders, and performed its assigned missions. Force Structure is developed from the threat assessment and the corresponding national defense strategy. But realistically, force structure is tailored by the availability of dollars to build and sustain the force and to provide the most force capability for the least cost. The current steep reductions ramp for the end strength and force structure of the National Guard appears to ignore the following facts:

- The threat to national security is far less defined than during the Cold War.
- The Active Components will be forcing quality trained personnel from their careers. There will be no opportunity to preserve that military experience and skill in the National Guard and Reserve if the Guard and Reserve force is reduced below current levels.
- There is insufficient airlift/sealift available to immediately move all of the Active contingency force.

- The National Guard and Reserve are a cost-effective force multiplier that can complete required post-mobilization training and be ready for deployment by the time airlift and sealift are available.
- Unlike the Active Duty Components, National Guard and Reserve forces lack the ability to reconstitute quickly once units are inactivated and community ties severed.

The lessons learned in OPERATION DESERT SHIELD/DESERT STORM have not been completed, evaluated, and assimilated into the proposed defense strategy. If airlift and sealift are not available to transport a unit within the first 60 days, and/or a unit is required in the force structure but is not required for immediate deployment, that unit should be placed in the National Guard or Reserve.

An additional \$50 billion is needed over the next five years to fund the requisite active and Reserve forces that were deemed necessary under the just completed "Bottoms-Up Review" by the Secretary of Defense. Without additional funding, all services could face further reductions, causing a return to a hollow force incapable of meeting the national defense strategy.

AIR NATIONAL GUARD STRUCTURE: EANGUS urges the U.S. Air Force, the Department of Defense and the Congress of the U.S. to retain all current flying units in the Air National Guard and maintain: *fighter units at a minimum level of 18 primary aircraft authorized (PAA); airlift units at current FY 94 level of 10 PAA; and ten continental Air Defense/Air Sovereignty units at a minimum level of 15 PAA in order to retain qualified personnel and sufficient structure as compensating leverage to reduce risks and contain defense costs in the post Cold War world.* The National Guard provides a dual capability as the first line backup for Federal national security requirements and is the first responder to domestic disasters and disturbances. The total Defense budget has been reduced by slightly more than 11% in current dollars since FY90, while the Air Force budget has been reduced by 20% during the same period. The Total Air Force structure has been significantly reduced since FY 90, including a reduction in fighter wings from 36 to 24.5 with a further reduction as a result of the DoD Bottom-Up Review to 13 active Air Force, 6 Air National Guard and one Air Force Reserve wings expected in FY 95. The uncertain stability of many potential danger areas throughout the world and the adoption of a win/win strategy, made retention of a credible Total Air Force capability essential to the security of this nation. History has proven that involvement in two major regional contingencies requires more than the 20 fighter wings planned by the Bottom-Up review. Maintaining forces in the Air National Guard is a cost-effective method of providing maximum defense capability within a limited peacetime budget.

BATTLE TRAINING CENTER: EANGUS supports *platoon through battalion task force level training.* The Reserve Component does not presently have dedicated training facilities to provide highly realistic training under demanding conditions such as that offered at the various Army Combat Training Centers. A Battle Training Center could provide units collective training in a combined arms scenario and provide a level and type of training not available at unit home stations or during the normal annual training period. Army Chief of Staff and FORSCOM guidance requires multi-echelon and concurrent training. Both techniques require resources external to the unit being trained; i.e., training areas, opposing forces, and observer/controller personnel for each level.

ACQUISITION AND DEPLOYMENT OF THE RESERVE COMPONENT AUTOMATION SYSTEM: *EANGUS strongly encourages the Congress of the United States to maintain all of the legislative provisions, provide the funding necessary to complete fielding by 1998, and continue support for the full implementation of the Reserve Component Automation System.*

The Reserve Component Automation System (RCAS) program was established under the command authority of the Chief of the National Guard Bureau by federal law enacted in 1988. The RCAS legislation stipulates that the Chief of the National Guard Bureau shall approve all expenditures of funds, provide resource management functions, act as the source selection official, and select and approve the RCAS Program Manager (PM). The RCAS legislation also specifies that the Chief of the National Guard Bureau shall charter the RCAS PM in conjunction with the Secretary of the Army and establish the minimum provisions for the RCAS program.

EDUCATIONAL ISSUES

FUNDING OF NONCOMMISSIONED OFFICERS' EDUCATION SYSTEM COURSES:

EANGUS urges the Congress of the United States to increase funding for training of the members of the National Guard. Members of the National Guard have an increasing role as an integral part of the national defense. Lessons learned during DESERT SHIELD/STORM indicate a possible need for increased knowledge in the Reserve component Non-Commissioned Officer Corp. Members of the National Guard are willing to attend annual training and a Non-commissioned Officers Course to correct deficiencies. The NCOES downlink has greatly increased the number of National Guard members requiring training. Funding for schools has decreased in past years and is projected to be reduced in future years.

THE AMERICAN COUNCIL ON EDUCATION EVALUATION OF RESERVE

COMPONENT SCHOOLS: *EANGUS urges the Department of Defense and the Congress of the United States to authorize the funding necessary to allow ACE to evaluate all Reserve Component schools for a college level credit equivalent with the credits awarded Active Component schools.* The Military Department continues to move more and more active duty missions and units to the National Guard and Reserves. However, there appears to be a lag in transferring benefits and services available to active duty units to the National Guard and Reserve units. One of those benefits is the American Council on Education's (ACE) evaluation of Reserve Component schools and training programs on the same basis as Active Component schools. Credits received from these evaluations play an integral role in a soldier wanting to return to the civilian classroom. Credits received from these evaluations make it easier for the National Guard and Reserve to retain quality, motivated, and educated soldiers.

RETENTION OF THE STUDENT LOAN REPAYMENT PROGRAM: *EANGUS urges the*

National Guard Bureau and the Congress of the U.S. to continue funding the Student Loan Repayment Program. The Federal Student Loan Repayment Program provides an incentive to many soldiers to reenlist in the National Guard to obtain assistance in paying off student loans. Many soldiers and airmen could not attend college or complete college without this program. The program assists in meeting the Armed Forces' goal of obtaining and retaining educated, quality

soldiers, thus maintaining a quality force.

RETAINING INCENTIVES/CONTINUING EDUCATION/JOB SKILLS TRAINING FOR NATIONAL GUARD MEMBERS: *EANGUS urges the Congress of the U.S. to reinstate and maintain the Selective Reserve Incentive Program.* Military downsizing is forcing highly qualified and trained individuals from the Total Force. Retaining these individuals is more cost-effective than recruiting untrained individuals. Much of the education and training gained by National Guard members may also be applied to private sector occupations and vocations requiring critical technology skills - **trained personnel put value into America!**

MEDICAL ISSUES

INCAPACITATION PAY FOR GUARD/RESERVE MEMBERS: *EANGUS urges the Congress of the United States to enact legislation to provide full military pay allowance, minus any salary or wages earned during the period of incapacitation and recuperation, to Guard/Reserve members injured in the line of duty, regardless of their employment status and tour length.* Prior to FY-87, Guard and Reserve members, when injured or disabled in the line of duty, were entitled to full pay and allowances for the duration of the employment status and length of tour of duty. Section 604 of the FY-87 Defense Authorization Act (P.L. 99-661) changed the concept of compensation for Guard and Reserve members on a tour of active duty of less than 30 days. Individuals are now authorized incapacitation pay only to the extent of loss of civilian income or loss of military pay for scheduled periods of military duty. As a result of these changes, Guard members who are students, self-employed, unemployed, seasonally employed, or seeking jobs and are injured or disabled in the line of duty, are either precluded from receiving incapacitation pay or are required to provide extensive and time consuming documentation to prove their eligibility. The current compensation system negatively impacts on traditional Guard and Reserve members.

MEDICAL/DENTAL INSURANCE COVERAGE FOR M-DAY GUARDSMEN: *EANGUS supports providing a group policy to M-Day Guardsmen to aid with these considerable expenses.* Active component and AGR Title 32 soldiers, airmen, seamen, and their dependents enjoy comprehensive medical/dental care to ensure a viable but healthy force structure. Members of the Reserve Component must maintain the same standards.

STATE HEALTH AND DENTAL CLINICS: *EANGUS urges the Congress of the U.S. to authorize the raising of the Army National Guard end strength 10,000 spaces and allocate resources for the accelerated procurement and fielding of State Health and Dental Clinics to all fifty-four (54) states and territories by the year 1995.* There exists medical requirements in all 54 National Guard jurisdictions which are statutory and regulatory in nature. At the current level of force structure, medical support is not satisfactory. Concerns were raised in the Desert Storm After Action Report regarding the medical and dental readiness of Army National Guard Soldiers. Currently, no exercises with live-patient cases, beyond baseline triage and provision of minimum user sick call are authorized within the United States. Provision of Health Care to the citizens of America continues as a high priority to the United States government. Support exists for the

National Guard to play a part in providing care to soldiers and their family members. A State Health and Dental Clinic could provide care for the families of deployed Guard members, particularly in areas where federal facilities are not available.

WELFARE AND EQUITABLE TREATMENT OF ALL M-DAY AND TRADITIONAL GUARD MEMBERS, WHO ARE INVOLUNTARILY AND/OR MEDICALLY DOWN PROFILED AND INVOLUNTARILY DENIED CONTINUED MILITARY SERVICE, EXTENSION OR RE-ENLISTMENT, AND SEPARATED: *EANGUS urges the Department of Defense and the Congress of the U.S. to medically compensate all National Guard members, who are involuntarily separated/discharged from the National Guard, and have served at least twelve (12) good years of military service and whose separation/discharge was for medical reasons.* In a nation which supports a volunteer force, it is extremely important to cover those who bravely protect and defend the Constitution of the United States against all foreign and domestic enemies. This same force is called to active state and national duty during times of natural disasters, and state and national emergencies. It is also called upon to support worldwide peace operations. Guard members are professionally trained, equipped, and ready to respond immediately to protect the national interest of the United States, including world or isolated conflicts, and war. National Guard members take time off from their civilian jobs and make additional family sacrifices unselfishly to contribute to their community, state, and nation. The active duty military forces receive medical compensation for injuries or illnesses not directly connected to the performance of their military job; National Guard members are separated without any compensation under the exact same circumstance. This inequality among the active duty military forces, and M-day/Traditional Guard members is an oversight; it should be corrected and favorable action initiated for equitable medical compensation for *all* National Guard members.

IDENTIFICATION OF CRITICAL CAREER FIELDS FOR AIR NATIONAL GUARD HEALTH AND MEDICAL PROFESSIONS: *EANGUS strongly urges the Congress of the U.S. to implement legislation that will support the following affiliation/retention incentive initiatives for physicians and other selected health professionals in the National Guard: parity pay for traditional participation (UTA & AFT); increased Medical Officer Student Loan Repayment Program to \$60,000; and affiliation bonus for unit selected critical specialties.* Identification of critical career fields is made by the Service Secretaries. Army and Air National Guard medical units are tasked with physician and health professional specialties that support wartime tasking but vary from the critically needed active duty specialties. National Guard physician and health professions staffing continues to struggle to meet manning levels in specific career fields that support medical mission readiness. Incentives for affiliation and retention are driven by critical career field designation.

AFFILIATION/RETENTION INCENTIVES FOR NATIONAL GUARD HEALTH/MEDICAL PROFESSIONALS. Physicians and other health professionals are highly critical to the mission readiness and mission capability of the National Guard during any activation. Physicians and other health professionals must complete uniquely long, involved, and very expensive training and education to meet qualifications to practice their profession. Physicians and other health professionals must sacrifice considerable time, from already demanding private practice responsibilities, to affiliate and participate as traditional Guard members. National Guard

physicians place their private practice in considerable jeopardy of catastrophic damage if activated long-term for state or national emergency. Public Law 96-284 provides for incentives for professionals in active forces. Legislation providing appropriate affiliation/retention incentives does not now exist that will provide support, protection or motivation to physicians or other health professionals, to affiliate and/or retain membership within the National Guard.

COUNTERDRUG OPERATION ISSUES

Counterdrug Mission: EANGUS supports National Guard support for Counterdrug Missions and the Demand Reductions Program. The world has been plagued by the scourge of illicit drug trafficking for the past century. In the United States, more than 80,000 crack babies are born annually with resultant medical costs of approximately \$800 million per year. The President's National Drug Control Strategy dated February 1991, states "Federal spending on Drug Control programs has increased by 800% since 1981. "To fight the war on drugs, the National Guard represents the Principle Defense Department support conduit to Law Enforcement Agencies for Counterdrug Missions. Section 1004 of the FY-91 Defense Authorization Act calls for the "Established command, control, communications, and computer (C4) networks for improved integration of Law Enforcement, Active Military, and National Guard Activities". The mission requirements for Surveillance and Target Acquisition Systems for Low Intensity Conflict and Counterdrug Missions are nearly identical. Therefore, acquisition by the Army National Guard of a modern, in production, fully supportable Multi-Sensor surveillance aircraft would significantly improve the National Guard's ability to perform its overall Army Reconnaissance and target acquisition responsibilities for wartime while simultaneously performing the peacetime Counterdrug Mission.

The Results for FY-94:

Cash	\$215,951,369
Marijuana Plants	835,860,219
Marijuana (Processed)	831,656
Cocaine	230,713
Heroin (lbs)	2,298
Opium (lbs)	619
Hashish (lbs)	303
Vehicles	8,350
Weapons	18,657
Arrests	91,843
Street value of drugs	\$96.843 BILLION

The Guard... We belong!

EMPLOYER/EMPLOYEE SUPPORT ISSUES

TAX CREDIT TO EMPLOYERS: *EANGUS supports Tax Credit to employers who employ members of the National Guard and Reserve.* The National Guard/Reserves make up a substantial portion of the Total Force. When members take time off from their civilian jobs to maintain proficiency in their military specialties, employers face scheduling, staffing and financial problems in their absence but patriotically comply with federal laws concerning entitlement of members of the National Guard and Reserves.

CONTINUED SUPPORT OF THE EMPLOYER SUPPORT PROGRAM: *EANGUS urges the promotion of a strong Employer Support Program and urges enactment of programs and policies to encourage employers to enthusiastically support a strong Reserve Component Force.*

Never before in the nation's history has the country demanded more from or been more dependent upon the Reserve Component Forces. The support of the business community is vital to maintain the militia tradition that has kept our country strong. The Reserve Component Forces can expect to be mobilized periodically in times of community needs to provide a response to emergencies. A significant number of Guard members who turn down reenlistment do so because of conflicts between their civilian jobs and military commitments.

CONTINUED SUPPORT OF THE FAMILY ASSISTANCE PROGRAM: *EANGUS supports efforts to promote a strong family assistance plan and to continue to enact programs and policies to elevate the Reserve Component Force Family to the priority deserved.* The support of the Family is integral to the readiness of the Reserve Component Forces. The family faces hardships in peace time while soldiers are accomplishing required training. The family faces severe hardships when soldiers are mobilized. The Reserve Component Force can only perform its duties in an exceptional manner when the family is well cared for.

MEMORIALIZING THE CONGRESS OF THE UNITED STATES TO INVESTIGATE THE FINANCIAL PLIGHT OF SELF-EMPLOYED RESERVISTS WHO WERE ACTIVATED FOR "OPERATION DESERT STORM" AND TO RECONSIDER PASSAGE OF LEGISLATION TO PROVIDE RELIEF: *EANGUS urges the Congress of the U.S. to pass legislation in accordance with other disaster loan criteria to provide long-term, low-interest loans to self-employed Reservists.* Self-employed recalled Reservists contribute to the readiness, preparedness and combat capability of the coalition forces that participated in "OPERATION DESERT STORM". Many self-employed Reservists across the country have found themselves in dire financial straits as a result of their absence from their businesses during "Operation Desert Storm". The effect on these self-employed Reservists' businesses is as disastrous as a flood or other natural disaster. These individuals are patriotic citizens who sacrificed much to serve their country and warrant proper consideration from the government they risked their lives for.

CONCLUSION

For years, Army and Air National Guard units have competed with the best of their active duty counterparts and have taken top honors home to their states. The National Guard has proven, time and again, that they are a vital part of the Total Force. For over 358 years, in every war, the combat records of the National Guard prove that the Guard will fight - and win - if, and when, it again becomes necessary. As Harry S. Truman said,

"Of course when the next real fight comes, the civilians will come forward just as they did this time, and win it in spite of the Regular Army."

The Guard is your next door neighbor. S/he may be your truck driver, your lawyer, or your doctor. When the National Guard is called, "America goes to War." The Guard is family, Americans at their best! *The National Guard, Protectors of Freedom, Defenders of Peace.*

EANGUS believes these issues affecting Enlisted membership in the National Guard deserve attention from Congress as they directly impact the lives and careers of the nation's citizen-soldiers and airmen. To overlook these issues that are inextricably tied to the quality and readiness of the Guard and Reserve forces would be a detriment indeed to the nation as a whole.



STATEMENT FOR THE RECORD BY
REAR ADMIRAL PHILIP W. SMITH, USNR (RET)
DIRECTOR OF LEGISLATION AND
PAST NATIONAL PRESIDENT
NAVAL RESERVE ASSOCIATION
TO THE
HOUSE NATIONAL SECURITY SUBCOMMITTEE
ON MILITARY PERSONNEL HEARING --
GUARD AND RESERVE FY'96 AUTHORIZATION ISSUES
23 MARCH 1995

Mr. Chairman, distinguished members of the Committee, it is a privilege to present the views of the Naval Reserve Association to the Committee for your consideration. We want to thank the committee for its past support of all the reserve components, and in particular for your restoration in past years of reoccurring severe and arbitrary cuts in the Naval Reserve proposed in the President's successive annual Defense Budget Submissions.

BACKGROUND

The FY'96 Defense Budget request continues the strength cuts of the Naval Reserve down to 98,608 Navy Selected Reservists including 17,490 Full Time Support (TARs) and only 80,920 drilling Naval Reservists (a new post WW-II low). Substantial force structure reductions have also been made including a P-3 maritime patrol squadron and other important programs. It is increasingly evident that the Navy is disinclined to follow the lead of the Air Force and Marine Corps in maintaining robust reserve components as a means of achieving maximum capability in an era of drastically reduced defense resources.

NAVAL RESERVE MANPOWER **(SELECTED RESERVE END-STRENGTH)**

While the FY'96 Naval Reserve personnel strength cut was not as drastic as in some previous years, the budget proposes to further cut the end-strength to 98,608 from 100,700 in FY'95, 113,400 in FY'94, 133,000 in FY'93 and an authorized strength at the beginning of FY'92 of 153,000. These radical reductions are top-down budget driven figures without any apparent direct relationship to requirements.

It should be noted that while the active Navy personnel reductions are phased throughout the program years, the Navy plans previously announced, call for a steep glide path for the Naval Reserve with the Naval Reserve reductions to be completed by the end of Budget FY'96. However, the Navy FY'96/FY'97 Biennial Budget provides for even a further 2,000 personnel cut to 96,402 SELRES end-strength in FY'97.

This acceleration of the draw-down of Reserve personnel relative to active force reductions is a major inhibitor to any effort to attract "the best and the brightest" of those separated from active duty into the Naval Reserve. The ability to affiliate with the Naval Reserve will continue to be severely limited by the simple fact that the Naval Reserve is losing personnel strength at a considerably greater rate than the active force. Even if the Navy's active force personnel reductions continue and Naval Reserve personnel strength stabilizes beyond FY'96, there will be only limited opportunity for personnel recently released from active duty to join the much smaller Naval Reserve.

Last year a report of the Navy roles and missions study was completed at the direction of and submitted to Congress by the Assistant Secretary of Defense (Reserve Affairs)--"The Future Naval Reserve: Roles & Missions, Size & Shape." This study revalidated the finding from the Bottom-Up Review (BUR) that, with the current force and mission mix of Navy Active and Reserve Forces, a Selected Reserve of between 96,000 and 100,000 personnel would be required to meet the requirements of two nearly simultaneous Major Regional Contingencies (MRCs). This study effort also concluded that as many as 5,000 to 10,000 additional Selected Reserve personnel would be required "depending on action emanating from this study."

Naval Reserve personnel needed for the study options that have been adopted have been absorbed from within the previously programmed strength of the Naval Reserve and have not increased the planned end-strength as anticipated in the report.

The Navy has also made force mix changes that have placed increased reliance on the Naval Reserve separate from the deliberations of the OSD study. The transfer of 2 LSTs to the Naval Reserve and the new role as an Operational Reserve Carrier for USS KENNEDY, both in FY'95, are two significant examples. The Selected Reserve personnel (including Full Time Support personnel) required for these increases in force structure were also absorbed from within the 96-100,000 Selected Reserve requirements validated by the BUR process and revalidated by the OSD study.

The additional missions already assigned to the Naval Reserve provide a valid indicator that the Naval Reserve should not drop below 100,000 personnel. The adoption of any of the options from the OSD study would raise the Navy Selected Reserve requirement level even higher.

RECOMMENDATION:

THE NAVAL RESERVE ASSOCIATION RECOMMENDS THAT THE NAVAL RESERVE BE AUTHORIZED AND FUNDED FOR AN END STRENGTH OF 100,700 SELECTED RESERVE PERSONNEL (INCLUDING 17,510 FULL TIME SUPPORT PERSONNEL) FOR FY96 (THE SAME LEVEL AS FY95) AND THAT THE NAVY BE DIRECTED TO REPORT THE STATUS OF IMPLEMENTATION OF ALL 14 OPTIONS FROM THE OSD NAVY ROLES AND MISSIONS STUDY REPORT.

FORCE STRUCTURE

In FY95 a significant portion of the Naval Air Reserve including Carrier Air Wing 30 and 9 tactical air squadrons, both Naval Reserve mine countermeasures (AMCM) squadrons and two transport squadrons were deleted from the Naval Reserve. Also, the FY'94 directed reduction of four P-3 maritime patrol squadrons was completed.

The FY'96 Budget proposes the inactivation of an additional P-3 maritime patrol squadron in the face of recent Navy plans to utilize Naval Reserve VP squadrons to provide full time deployed presence in both the Pacific and Atlantic theatres. The budget also proposes to deactivate four FFG-7 class frigates and two Naval Reserve Fleet (field) hospitals.

Both the Naval Reserve airborne mine countermeasures squadrons (HM-18 and HM-19) were inactivated in FY'95 and their new MH-53E aircraft and many of their Selected Reserve personnel were integrated into two active Navy squadrons. Initial reports indicate that these integrations are proceeding very well. However, NRA remains concerned over the long range negative impact on individual and unit retention and attendant loss of readiness, that may occur with the loss of unit identity and meaningful leadership roles for senior Reserve personnel. The impact of the planned relocation of both these squadrons to the demographically deficient Ingleside, TX, on the retention and recruiting of critical Reserve personnel is also a major concern. The FY'96 planned additions include two MCM and two MHC ships plus the stand-up of a VAW squadron and a significant expansion of a Naval Reserve adversary squadron.

The proposed budget reduces the Navy's maritime patrol squadrons to 12 in the Active force and 8 in the Naval Reserve. The loss of an additional Reserve VP squadron is particularly alarming considering the high level of readiness of these squadrons and the growing dependence on Naval Reserve P-3 aircraft by the fleet CINCs.

The Navy plans to continue decreasing the number of SH-2G aircraft assigned to the two remaining Naval Reserve HSL squadrons in spite of a significant shortfall of ASW helicopters that was heightened by the decision to retain seven much needed frigates in the Active Force that were previously slated for deactivation. The Navy is also in the final phase of a decision to place the new Magic Lantern laser mine-hunting capability on Naval Reserve SH-2G helicopters. The reduced SH-2G force size is not sufficient to accommodate this new mission and also does not permit the Naval Reserve to assist the Navy to meet its overall shortage of ASW helicopters. The Navy should be provided the required resources (Reserve personnel and operating funds) and directed to retain these nearly new dual mission SH-2G aircraft in the Naval Reserve.

RECOMMENDATION:

THE NAVAL RESERVE ASSOCIATION RECOMMENDS THAT THE VP FORCE LEVEL REMAIN AT THE CURRENT 9 SQUADRONS IN THE NAVAL RESERVE AND THAT THE SH-2G AIRCRAFT ASSIGNED TO EACH HSL SQUADRON BE INCREASED TO ACCOMMODATE THE ANTICIPATED MAGIC LANTERN MISSION AND TO HELP THE NAVY MEET ITS CURRENT DEFICIENCY IN ASW HELICOPTERS.

BASE CLOSURE ACTIONS

The actions of the Base Realignment and Closure (BRAC) process has had a major negative impact on the Naval Reserve. The BRAC 93 process identified more than 50 Naval and Marine Corps Reserve installations for closure or consolidation. The unique aspects of Reserve personnel demographics were not considered by the Navy during the BRAC 93 process previously, nor were the efficiencies of collocation of units of more than one component (Active or Reserve) that existed at many of these installations. In BRAC 93 all the Naval Reserve Midwest/Heartland Air stations were closed. As the direct result of BRAC 93 actions, the Naval Air Reserve will relocate or disestablish almost 50 percent of its squadrons with the attendant negative impact on readiness. This situation has been compounded by the facts that savings were over estimated, costs were under estimated, and a significant part of the already insufficient BRAC FY'93 funds were reallocated for earthquake relief and other disasters. This year the Navy recommendations for BRAC 95 include the closure of one Naval Air Reserve station (NAS, South Weymouth again), nine more Naval Reserve centers (including one Naval Air Reserve non-flying Center), and two additional readiness command headquarters. See the following table.

NAVAL RESERVE CLOSURES--BRAC95

NAS SOUTH WEYMOUTH, MA	NRC CADILLAC, MI
NRC STOCKTON, CA	NRC STATEN ISLAND, NY
NRC POMONA, CA	NRC HUNTSVILLE, AL
NRC SANTA ANA, CA	NARC OLATHE, KA

NRC LAREDO, TX
NRC SHEBOYGAN, WI

NRRC REGION 10, NEW ORLEANS, LA
NRRC REGION 7, CHARLESTON, SC

These closures seem to be motivated substantially on "share the pain" with the active force. The "requirement" to save funds and manpower associated with the Naval Reserve infrastructure has again been the driving force for these decisions. The critical role of Reserve demographics and the importance of maintaining a Navy link with as many civilian communities as possible appear to have received little or no weight when developing these recommendations. Unfortunately, the BRAC process itself makes it highly improbable that any of the relatively small Naval Reserve centers will be retained and that a major effort will be required by affected individuals and communities to retain even a facility as large as NAS, South Weymouth, the last remaining Naval Reserve Air Station in New England and the Northeastern United States.

RECOMMENDATION:

THE NAVAL RESERVE ASSOCIATION RECOMMENDS THAT THE BASE REALIGNMENT AND CLOSURE COMMISSION (BRAC95) CONSIDER CAREFULLY THE RECOMMENDED CLOSURES OF NAVAL RESERVE FACILITIES, THAT A CONTINUING NAVY PRESENCE IN THE AFFECTED COMMUNITIES BE GIVEN WEIGHT IN ITS DELIBERATIONS, AND THAT RESERVE PERSONNEL DEMOGRAPHICS BE THE MAJOR CONSIDERATION FOR ACCEPTANCE OR REJECTION OF THE NAVY'S PROPOSALS.

EQUIPMENT MODERNIZATION

The Naval Reserve Association continues to advocate assignment of modern fleet-compatible equipment to the Naval Reserve. Much of the progress made in improving the readiness and capability of Naval Reserve units has been the direct result of Congressional action designating new equipment for the Naval Reserve in the National Guard and Reserve Equipment (NG&RE) appropriation. It should be noted that the Naval Reserve Force of today would be ineffective without the Congressional "add-ons" over the years of personnel and equipment thru the National Guard and Personnel accounts.

NRA has identified unfunded Naval Reserve equipment requirements for FY'96 of approximately \$750 million for consideration by Congress. They are outlined in the list below. This list is predicated on the assumption that the equipment procurement planned by the Naval Reserve from funds provided by Congress in the FY'95 NG&RE appropriation will not be subject to rescission as part of the FY'95 DoD supplemental appropriation currently under consideration.

NRA RECOMMENDATIONS FOR FY96 NG&RE

Naval Reserve

(\$=Missions)

F/A-18 Upgrades (12)	\$ 48.0
C-9 Replacement Aircraft (4)	\$ 148.0
ALQ-126B DECM Equipment (8)	\$ 8.0
MIUW TSQ-108(V)3	\$ 15.0
P-3C Update III/AIP Kits	\$ 77.0
C-9 Avionics/Upgrades	\$ 25.0
MIUW SQQ-T1 Trainer	\$ 11.0
F/A-18C Aircraft (6)	\$ 222.0
MIUW and EOD Civil Engineering Support Equip.(CESE)	\$ 7.8
Expeditionary Logistics Support Forces (ELSF) CESE	\$ 25.0
F/A-18 FLIR Pods (8)	\$ 24.0
Mine Search Unit (MSU) and Inshore Boat Unit (IBU) Equip.	\$ 4.9
HH-60H In-flight Refueling Mods	\$ 8.0
Portable Communications Equipment	\$ 33.3
Reserve Navy Construction Force (RNCF) CESE	\$ 19.6
RNCF CBR-D Equipment	\$ 9.9
C-9 Engine Upgrades (8)	\$ 24.0
Miscellaneous Equipment	\$ 41.2
Total Naval Reserve equipment for consideration in FY96 NG&RE	\$ 752.5

THE NAVAL RESERVE ASSOCIATION RECOMMENDS THAT CONGRESS PROVIDE AS MUCH OF THE EQUIPMENT AS IS FEASIBLE FROM THE FOREGOING LIST OF UNFUNDED REQUIREMENTS IN THE FY'96 NATIONAL GUARD AND RESERVE EQUIPMENT ACCOUNT.

GENERAL PERSONNEL ISSUES

The Naval Reserve Association greatly appreciates the many things the Congress has done for the Naval Reserve and for military personnel, both Active and Reserve and their dependents. Last year's Congressional action providing a 2.6 percent pay increase for military personnel was visible evidence of the support the Congress provides to the men and women in uniform. As a member of the Military Coalition we endorse the previous testimony of The Coalition representatives on the wide spectrum of military personnel issues and would now like to call your attention to a few issues of special interest to NRA.

LOSS OF INCOME PROTECTION

NRA is a strong supporter of the effort to provide a low-cost insurance program for Reservists who suffer income loss as a result of being activated. The FY'92 Defense Appropriations Act called for an Income Insurance Feasibility Analysis. RAND has studied the possibilities of providing income insurance and the findings are favorable. The Office of the Assistant Secretary of Defense for Reserve Affairs has drafted and has prepared proposed legislation to address this subject. We urge the Congress to support such legislation; we hope we will see provisions for income insurance for mobilized Reservists enacted into law this year.

INCOME TAX RELIEF FOR DRILLING RESERVISTS

The Tax Reform Act of 1986 had an adverse effect on members of the National Guard and Reserve who are now no longer able to deduct the full cost of travel, food, and lodging expenses related to their military training duties. The Tax Reform Act permits these expenses to be deducted only if they, in combination with other authorized expenses, total more than two percent of an individual's annual income. We believe that this loss of full deductibility serves as a disincentive and needs to be corrected by the Congress. If we want to encourage participation in the Guard and Reserve, service members should receive fair tax treatment and be permitted full deductibility of unreimbursed expenses connected with their military service, including travel, food, and lodging. We encourage the Congress to make those legislative changes necessary to return the full deductibility of these non-reimbursable expenses to members of the National Guard and Reserve.

EMPLOYER TAX INCENTIVES

Employer support is a critical ingredient of readiness. The reservist is not free to perform his military duties without the support of his employer--frequent or extensive Reservist activation can destroy employer support.

Given the Desert Storm experience and the probability that Reservists will be serving on active duty with greater frequency and perhaps for longer durations, employer support becomes even more critical. Accordingly, NRA urges support for legislation that would provide a tax credit or a tax incentive for employers of mobilized Reservists. The

Department of Defense (RA) has proposed such legislation. This legislation recognizes the sacrifices that employers are asked to endure and would go a long way in providing essential support for Reservists.

DENTAL INSURANCE

The activation of National Guard and Reserve members for Operations DESERT SHIELD/DESERT STORM brought to light the seriousness and magnitude of the problem of dental readiness within the Reserve components. Compounding the problem is the inability (either by law or regulation) of National Guard and Reserve dental officers and technicians from providing dental care and treatment for drilling reservists while performing inactive duty for training.

The Naval Reserve Association advocates legislation to provide for a dental care insurance plan for members of the National Guard and Reserve who are members of the Select Reserve. NRA believes that this is a readiness issue of significant importance and that reservists should be afforded the opportunity for enrollment on the same basis and cost as that for family members of active forces when the Reserve members is ordered to active duty under statutory authority, other than for training, for periods in excess of 30 days.

COMMISSARIES

The Congress has authorized unlimited access to exchanges, but in expanding commissary privileges, it limited commissary use to 12 days a year. NRA believes that this 12-day restriction is not cost-effective and should be deleted. By eliminating the printing, distribution and control of the commissary privilege card, DoD has estimated that it would save the Department of Defense \$13.5 million annually. The Defense Commissary Agency calculated that the negligible increased use of the commissary by Reservists would require no additional DoD funding. We request the Congress to address this issue and provide unlimited commissary access to drilling Reservists and retirees who currently have commissary privileges.

COST-OF-LIVING ADJUSTMENT (COLA) EQUITY

The 103rd Congress took action to alleviate the discriminatory delay of military retirees' cost-of-living adjustments resulting from the Omnibus Budget Reconciliation Act of 1994. This action dealt only with the COLAs for FY 1995, however, and left the problem to be dealt with again for every budget through FY 1998 unless a more permanent funding solution is found. The President's Defense budget request does provide for the necessary funding to achieve equity in FY 1996, though not beyond.

NRA encourages the Congress to take action to permanently provide the same COLAs for both military and civilian federal retirees. We are encouraged that legislation has been introduced in both the House and the Senate to restore equity in these federal government retiree COLAs and urge you to support H.R. 38, introduced by

Representative James Moran, or S. 31, introduced by Senator John McCain. NRA objects to all COLA losses that are discriminatory; however, these bills would at least correct the inequity between military and federal civilian retirees.

The Naval Reserve Association joins the Military Coalition and individual military associations in supporting the following:

- Authorization and funding in FY'96 and beyond to continue operation of the superb Uniformed Services University of Health Sciences (USUHS),
- The adoption of legislation removing the Social Security offset to the Survivor Benefit Plans,
- Authorization of concurrent receipt of both military retirement and veterans disability compensation,
- Legislation providing military retirees who are eligible for Medicare the option of enrollment in Tricare or continued treatment at military treatment facilities through reimbursement from HUD Medicare funds (subvention).

CONCLUSION

Thank you for the opportunity to present the views of the Naval Reserve Association on these important subjects. Your support for the men and women in uniform, both active and Reserve, is greatly appreciated. I'll be happy to answer any questions that you might have.



TRICARE MANAGED HEALTH CARE PROGRAM

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Tuesday, March 28, 1995.

The subcommittee met, pursuant to call, at 2 p.m., in room 2118, Rayburn House Office Building, Hon. Robert K. Dornan (chairman of the subcommittee) presiding.

STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. The Military Personnel Subcommittee will come to order right on the money, on time. We will have several panels today. I look forward to having our panelists get all of the Members and staff to join us to get us very smart on one of the most important aspects of military personnel and life.

We will hear testimony today on TRICARE, the Department of Defense Managed Health Care Program. DOD operates, as we all know, one of the Nation's largest health care systems; over 8.5 million people, including all of our active duty service members, retirees, and their families are entitled to use military medical facilities.

An estimated 6.7 million of these beneficiaries rely to some degree on the military health care system. In the past decade, DOD has experienced challenges similar to those confronting the Nation's health care system; increase in costs, unequal access to care, and disparate the benefit and cost sharing packages for similar categories of beneficiaries.

According to the U.S. General Accounting Office, GAO, the DOD health care budget grew by almost 225 percent between 1980 and 1990. Since I was sworn into Congress in 1977 on my first 6-year go-around, I have been an eyewitness to this growth as we all have.

In comparison, national health care expenditures increased by about 166 percent during this same period. Notice I did not use the word "only" 166. That is staggering; a 225-percent increase that much more so. In recent years, Congress became increasingly concerned about the skyrocketing medical budget and the lack of a uniformed benefit.

This subcommittee has a longstanding interest in pursuing a Managed Health Care Program in the Department of Defense. This interest resulting in the National Defense Authorization Act for fiscal year 1994 directing DOD to establish a uniformed HMO benefit option to reduce out-of-pocket costs and to provide a uniformed benefit structure throughout the United States.

After experimenting with a variety of managed care initiatives, DOD selected the TRICARE Program. TRICARE represents a significant change in the military health care system. As such, it has created a great deal of concern among military health care beneficiaries.

This subcommittee has received many calls from Members' offices seeking information on TRICARE to attempt to allay the fears and concerns of their constituents. These concerns are numerous. Many military retirees are afraid TRICARE will squeeze them out of the system because the program emphasizes providing priority treatment to active duty dependents, whether or not they enroll in TRICARE Prime, the HMO option.

Also, many expressed opposition to the creation of enrollment fees that apply to retirees only. Perhaps one of the most difficult questions to answer deals with the impact on Medicare-eligible retirees.

This group of beneficiaries will not be eligible to use TRICARE. Although they still will be entitled to use military treatment facilities, MTF's, on a space-available basis. They are very concerned that their access to MTF's will become increasingly difficult because TRICARE is designed to optimize use of these facilities by TRICARE enrollees.

Our objectives in today's hearing are to access the TRICARE Program and determine whether any modifications need to be made. In addition, we need to determine whether there are more affective alternatives, such as the Federal Employees Health Care Benefits Program to accomplish the stated goals of increasing access and containing costs. These are very difficult issues.

The challenge for us today is to begin looking at whether TRICARE will live up to its promise; the promise of controlling costs, improving access to care and providing high quality care. On Thursday, this committee will address the equally challenging issue of medical readiness and wartime medical requirements.

During Thursday's hearing, we will discuss the question by how much can the military medical structure be cut? Both of these hearings should prove to be insightful.

Mr. Pickett, my distinguished colleague and ranking Democrat on this subcommittee. Do you wish to make an opening statement?

STATEMENT OF HON. OWEN PICKETT, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

Mr. PICKETT. Thank you, Mr. Chairman. I concur with your desire to ensure that TRICARE meets the medical needs of military beneficiaries by providing quality care and better access to the military health care system. Earlier this month we had a hearing on military quality of life. The availability of quality accessible low-cost health care has a tremendous impact on the quality of life of military members and their families.

It is particularly important to young soldiers, sailors, airmen, and Marines with families and to senior retirees on fixed incomes. These populations cannot afford to pay higher out-of-pocket charges for health care.

Mr. Chairman, as you know, I have a very large active duty and retired military population in my district. Medical care is an issue of great importance to these individuals. I particularly hear concerns about access to the military health care system. I am anxious to learn whether TRICARE will in fact improve the system and help these military beneficiaries obtain the care that they need.

It is very important that we, as you suggest, take a close look at the TRICARE Program to determine whether it will live up to its promises and will provide a uniform health benefit to military members, retirees, and their families.

Meeting the medical needs of millions of beneficiaries during this period of transition for the military is indeed a very tough issue. The downsizing of the military and the closing of bases throughout the country creates numerous questions about how best to provide quality accessible health care to the hundreds of thousands of men and women who served their country through peace and war. The turbulence created by the military drawdown, coupled with the recent increases in Operations and Personnel TEMPO have placed tremendous strains on our military members and their families.

We need to do all we can to minimize these stresses. Making sure quality health care is readily available will help reduce anxiety among these individuals. Anytime you implement significant change, people are apprehensive. Fear of the unknown and how it will affect them can be unsettling.

Hopefully, by learning more about the TRICARE Program today and by doing our part to make sure it lives up to its promise, we can allay some of those fears and concerns.

I share your interest in the hearing today, Mr. Chairman, and look forward to learning more about DOD's new managed care program. Thank you.

Mr. DORNAN. Thank you, Mr. Pickett.

To our first panel, and I see several of the members of the next panel coming up in the room, and to all of the taxpayers and guests here today, I am going to do something a little different before I start with the panel.

Because this subcommittee is very fortunate to have the talent, the intense concern, the experience and the corporate memory of several gentlemen on the committee who are at the main desk here, I would like to ask them if they would like to also make an opening statement? Sonny Montgomery because, as the former chairman of the Veterans' Affairs Committee, he sometimes is the first radar to pick up some of the concerns of retired people by nature of veterans out there.

Then also, the prior chairman of this subcommittee in the 103d Congress is also with us, Mr. Ike Skelton of Missouri. Would either of you gentlemen want to make a brief opening statement or give our panel something to think about as they read what will probably be an abridged version of their excellent statements?

Did you want to add anything, Mr. Montgomery?

Mr. MONTGOMERY. I will be very brief, Mr. Chairman.

I have been pushing for years the military health care and the veterans health care; the two largest health care systems in the world. We really need to bring them closer together. I see some of our witnesses nodding today in agreement.

That is what I have been trying to work on. If we can share between the veterans' hospitals; we have got 171 hospitals. The military has got 150 hospitals. The military has more outpatient clinics than the veterans for soldiers. If we can all work together, we can get a lot done. That is the area I have tried to work in. Thank you, Mr. Chairman.

Mr. DORNAN. Thank you, Mr. Montgomery. Mr. Skelton.

Mr. SKELTON. Thank you, Mr. Chairman.

Very briefly, let me compliment you on holding this hearing. A better understanding of this whole issue is so necessary. At times when we are talking about medical health care, Mr. Chairman, I feel like Mark Twain when he said the more you explain it to me, the more I don't understand it. We have been through that.

I have had one question put to me that maybe someone on this or other panels could address. That is the phenomenon that we have now with the closing of various military bases; the retired sergeant major or chief petty officer located himself, herself and family near that particular post or base. Now that base is being folded up and closed, the medical care facility is no longer accessible.

What does this 67-year-old retired master sergeant and family do? He can't afford to pick up and move to the Fort Benning, GA, area. If someone could give me some thoughts on that, I would appreciate that, but let that come in the natural course of the testimony. Thank you so much.

Mr. DORNAN. Thank you, Mr. Skelton.

Well, I am pleased to welcome our first panel of witnesses who will provide a general overview of TRICARE and discuss some of the concerns that I and my colleagues have mentioned in greater detail, as well as possible solutions and alternatives.

First, is Mr. David Baine, the Director of Federal Health Care Delivery Issues at the General Accounting Office, GAO. Then, Mr. Neil Singer. He is the Deputy Assistant Director of the National Security Division at the Congressional Budget Office [CBO]. And retired Army Col. Charles Partridge, who represents the Military Coalition that has always been so helpful to this Subcommittee on Military Personnel.

Mr. Baine, would you please begin, sir.

STATEMENT OF DAVID BAINE, DIRECTOR, FEDERAL HEALTH CARE DELIVERY ISSUES, GENERAL ACCOUNTING OFFICE

Mr. BAINE. Good afternoon, Mr. Chairman and members of the subcommittee. Thank you very much for the opportunity to discuss the Department of Defense's implementation of its nationwide Managed Health Care Program called TRICARE.

This hearing is particularly timely because the military health care system is, as you mentioned Mr. Chairman, in a period of significant challenge and change.

Efforts to reduce the overall size of the Nation's military, Federal budget reductions, and base closures and realignments have combined a heightened scrutiny of the size and makeup of the health care system, how it operates, and whether its missions can be satisfactorily conducted in a more cost-effective way.

For several years now, we have reported on DOD's efforts to implement managed care. We testified last year that managed care

offers DOD the potential for improving beneficiary access to care, maintaining high quality care, and containing costs.

We believe this is still the case today. Last week at the request of this subcommittee and its counterpart in the Senate, we issued a report in which we described the progress DOD has made in implementing TRICARE. The report also highlights the challenges now facing the health care system and, in particular, TRICARE. It is these issues that I would like to focus on for a few moments today.

The first issue contains TRICARE's administrative structure. To implement and administer TRICARE, DOD has reorganized its medical delivery system into 12 joint service regions. A new administrative organization has also been created in each region with a medical center commander, designated as the regional administrator called the lead agent, to monitor and coordinate the delivery of health care.

Officials from lead agents' offices and medical facilities around the country have expressed concern about the new structure, suggesting that their limited control and authority over health care resources might negatively impact their ability to effectively manage service delivery in the regions.

The individual military services, not the lead agents, retain command and control over medical facilities and personnel, with each facility accountable to its parent service. Additionally, lead agents do not control the funds that flow from the services to the respective facilities or over CHAMPUS funds which DOD now controls.

DOD recognizes that TRICARE's success relies to a great extent on the inner-service cooperation and lead agents' administrative skills. It believes it has developed the guidelines necessary for the regional structure to work well.

While we think that TRICARE does provide a framework to foster teamwork in regional health delivery, it remains to be seen whether lead agents will be able to overcome the traditional inner-service rivalries that have historically hampered efforts to promote joint service cooperation in health care delivery. Moreover, many of the most difficult decisions are still to be made; namely those involved in closing particular services in specific facilities within the regions.

The second issue that I would like to discuss for 1 minute concerns DOD's health care contracting process. One significant feature of TRICARE is the use of contracted civilian health providers to supplement care in military facilities.

So far, DOD's experience with contracting for private sector health care services has proven to be cumbersome, complex, and very costly resulting in protests, schedule delays, and an overall lengthy procurement process.

Prospective contractors are frustrated with the process telling us that the level of detail, the DOD request for proposals and the number of changes to the request contribute to contract delays and increase their cost of preparing responsive proposals. At the request of this committee, we are examining the procurement process to determine whether additional changes could be made to it. We plan to report to you on that matter in June.

A third issue contains beneficiary cost-sharing requirements and access in equities. As you know, in 1994 Congress required DOD to develop, to the extent practical, health care benefit options, including a uniformed health care benefit modeled after private sector HMO's. We believe DOD has progressed significantly on this issue.

However, true uniformity in benefits and cost sharing has yet to be achieved and some inequities remain. These are detailed in my prepared statement. Beneficiaries consider TRICARE flawed because those over 65 are not eligible to enroll in TRICARE Prime.

DOD and beneficiaries have suggested that if the Health Care Financing Administration would reimburse DOD for the care it provides to beneficiaries who are also eligible for Medicare, DOD would be able to enroll beneficiaries over 65 in prime.

Alternatively, beneficiaries suggest that CHAMPUS eligibility should continue beyond 65 with CHAMPUS providing wraparound coverage to Medicare. All beneficiaries should be permitted to choose among TRICARE and the options offered in the Federal Employees Health Benefits Program.

The cost in budget implications of these proposals are obviously very important. We have not analyzed the implications yet, but we understand that the Commission on Roles and Missions of the Armed Forces is currently studying this matter and will report on the cost and feasibility of some of the proposals.

Also, the Congressional Budget Office today is presenting information on some of these matters. The last matter I would like to bring before this subcommittee concerns TRICARE's cost effectiveness. While many studies have been conducted of the military health care system, and in particular the cost effectiveness of the Managed Care Demonstration Programs, none provides a sufficient basis to predict for certain whether TRICARE will indeed be cost effective. The usefulness of these studies has been limited because of inadequate data and because the programs that were studied differ significantly from TRICARE as it is presently constructed.

DOD has recognized the need for a periodic evaluation of the program's cost effectiveness. To date, however, it has not developed a plan for such an evaluation. We think that is an important step that the Department should take.

In summary, Mr. Chairman, DOD is dealing with difficult and costly health care problems. The Department's ability to address the operational challenges to TRICARE's implementation and to use TRICARE to adequately augment a downsized military health care system are key to its managed care efforts.

Ultimately, the program's success will depend on DOD's ability to fairly accommodate all affected beneficiaries while also achieving its goal of containing health care costs.

Thank you, Mr. Chairman.

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Military Personnel,
Committee on National Security, House of Representatives

For Release on Delivery
Expected at 2:00 p.m.
Tuesday, March 28, 1995

DEFENSE HEALTH CARE

DOD's Managed Care
Program Continues to Face
Challenges

Statement of David P. Baine, Director
Federal Health Care Delivery Issues
Health, Education, and Human Services Division



Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to be here today to discuss the Department of Defense's (DOD) implementation of its nationwide managed health care program called TRICARE. This hearing is timely because the military health care system is in a period of significant challenge and change. Efforts to reduce the overall size of the nation's military, federal budget reductions, and base closures and realignments have combined to heighten scrutiny of the size and make-up of DOD's health care system, how it operates, and whether its missions can be satisfactorily conducted in a more cost-effective way.

For several years now, we have reported on military health care issues such as DOD's efforts to implement managed care.¹ We testified last year that managed care offers DOD the potential for improving beneficiary access to care, maintaining high-quality care, and containing health care costs.² We believe this is still the case today.

During the past year, we visited five of DOD's regional managed care administrators and four hospitals within those regions, met with several prospective managed care contractors and reviewed private-sector managed care practices. On March 22, 1995, we issued a report that describes the progress that DOD has made in implementing TRICARE.³ TRICARE incorporates features from several DOD managed care demonstration programs as well as from private-sector managed care models. The experiences of DOD's demonstration programs provided many valuable lessons and has enabled DOD to become one of the nation's leaders in the managed care arena.

The report also highlights the challenges now facing military health care and, in particular, TRICARE. It is these issues that I would like to focus on today, which are summarized as follows:

- Regional TRICARE officials continue to be concerned that the administrative structure established for TRICARE does not provide them with sufficient authority and control over funds and personnel because these resources remain under the control of the Services.

¹A list of GAO testimonies and reports on these issues appears in appendix I.

²Defense Health Care: Challenges Facing DOD in Implementing Nationwide Managed Care (GAO/T-HEHS-94-145, Apr. 19, 1994).

³Defense Health Care: Issues and Challenges Confronting Military Medicine (GAO/HEHS-95-104, Mar. 22, 1995).

- DOD has had many problems in obtaining civilian health care services because of a cumbersome and contentious procurement process.
- Officials in military hospitals are also concerned that important managed care information systems, such as those needed to support patient scheduling and referrals, may not be available by the time TRICARE is implemented in their regions.
- TRICARE may not fully address beneficiaries' concerns about equitable access to care and cost-sharing because lower cost health care options will not be available in all areas, enrollment in the lowest cost-sharing option may be limited, and outpatient care from civilian providers requires cost sharing, but care received from military providers does not.

In addition to the above operational issues, questions remain about TRICARE's potential cost-effectiveness. Past studies of military health care do not provide sufficiently relevant and precise analyses to predict the cost-effectiveness of TRICARE.

BACKGROUND

DOD's health care system is one of the nation's largest, offering health benefits to about 8.3 million people and costing over \$15 billion annually. Its primary mission is to maintain the health of 1.7 million active-duty service personnel⁴ and to be prepared to deliver health care during times of war. DOD also offers health care services to 6.6 million nonactive-duty beneficiaries through a system of 127 hospitals and about 500 clinics worldwide. DOD also operates a fee-for-service, insurance-like program called the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), which pays for a portion of the care military families and retirees under the age of 65 receive from private-sector health care providers.⁵ In fiscal year 1995, DOD expects to spend about \$11.6 billion providing care directly to its beneficiaries and about \$3.6 billion for CHAMPUS.

⁴Includes members of the Coast Guard and the Commissioned Corps of the Public Health Service and of the National Oceanic and Atmospheric Administration who are also eligible for military health care.

⁵At age 65, beneficiaries are no longer eligible for CHAMPUS because they become eligible for Medicare.

TRICARE was developed in 1993, the outgrowth of several DOD demonstration programs in the late 1980s and early 1990s designed to test managed health care principles. TRICARE is significantly changing the military health care system. It gives beneficiaries opportunities to reduce their health care costs by offering alternatives to the current CHAMPUS program, including a health maintenance organization (HMO) option (called TRICARE Prime) and a network of preferred health care providers (called TRICARE Extra).

To implement and administer TRICARE, DOD has reorganized its medical delivery system into 12 joint-Service regions. A new administrative organization has also been created in each region, with a medical center commander designated as the regional administrator, called lead agent, to monitor and coordinate the delivery of health care. (Table 1 presents information on the 12 TRICARE regions, including the designated lead agents, the states included in the 12 regions and the dates that TRICARE will be implemented in each region).

Table 1: Information on the 12 TRICARE Regions

Region	Lead agent	States in region	Implementation date
1	National Capital (Bethesda, Walter Reed, Malcolm Grow Medical Centers)	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Northern Virginia	May 1997
2	Portsmouth Naval Hospital	North Carolina, Southern Virginia	May 1997
3	Eisenhower Army Medical Center	Georgia, South Carolina, parts of Florida	May 1996
4	Keesler Air Force Medical Center	Alabama, Tennessee, parts of Florida and Louisiana	May 1996
5	Wright-Patterson Air Force Medical Center	Illinois, Indiana, Kentucky, Michigan, Ohio, West Virginia, Wisconsin	May 1997
6	Wilford Hall Air Force Medical Center	Arkansas, Oklahoma, parts of Louisiana and Texas	November 1995
7	William Beaumont Army Medical Center	Arizona, Nevada, New Mexico, parts of Texas	November 1996
8	Fitzsimons Army Medical Center ^a	Colorado, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Utah, Wyoming, parts of Idaho	November 1996
9	San Diego Naval Hospital	Southern California	October 1995
10	David Grant Air Force Medical Center	Northern California	October 1995
11	Madigan Army Medical Center	Oregon, Washington, parts of Idaho	March 1995
12	Tripler Army Medical Center	Hawaii	October 1995

^aOn DOD's list of military facilities recommended for closure.

TRICARE incorporates cost control features of private-sector managed care programs, such as primary care managers, capitation budgeting, and utilization management. One significant feature maintained from the demonstration programs is the use of contracted civilian health care providers to supplement care provided in military medical facilities. DOD estimates that these contracts will cost about \$17 billion over the 5-year contract period. DOD's goal is to have all contracts awarded and the TRICARE program implemented by May 1997.

As DOD implements its TRICARE program, several operational issues have emerged that must be addressed if the program is to achieve its goals of containing costs, improving beneficiary access to care, and maintaining high-quality care. I would now like to discuss several of these issues.

LEAD AGENT AUTHORITY AND CONTROL ISSUES

The reorganization of medical facilities into joint-Service regions and establishment of the lead agent structure is a significant change to the administrative structure of the military health care system. Officials from the lead agent offices and medical facilities have expressed concern about the new structure, however, suggesting that their limited control and authority over health care resources and civilian contractors might negatively impact their ability to effectively manage service delivery in the regions.

Issues related to lead agent control and authority are inherently complex because TRICARE calls for the lead agent to coordinate all care provided in the region, including contractor-provided care. For example, the Air Force lead agent in one region will oversee and manage health care delivery by 19 Army, Navy, and Air Force military treatment facilities and the civilian contractor. However, the individual military Services retain command and control over their medical facilities and personnel, with each facility accountable to its parent Service. Additionally, lead agents do not control the funds that flow from the Services to their respective facilities or CHAMPUS funds, which DOD controls. Officials in lead agent offices and medical facilities, particularly those with experience in managed care demonstration programs, also told us that lead agents and medical facility commanders need more control over what is to be contracted out and over contractor activities and functions.

DOD recognizes that TRICARE's success relies to a great extent on inter-Service cooperation and lead agents' administrative skills. It believes it has developed the necessary guidelines for the regional structure to work well. Hospital commanders, lead agents, and Service officials stated that they are committed to making TRICARE and its regional

structure work and are satisfied with the amount of inter-Service cooperation in the regions thus far.

While TRICARE provides a framework to foster teamwork and regional health care delivery, it remains to be seen whether lead agents will be able to overcome the effects of inter-Service rivalries that have historically hampered efforts to promote joint-Service cooperation in health care delivery. Moreover, many of the most difficult decisions must still be made in the regions, including those on closing or consolidating medical services in specific facilities.

HEALTH CARE CONTRACTING ISSUES

So far, DOD's experience with contracting for private-sector health care services is proving to be cumbersome, complex, and costly, resulting in protests, schedule delays, and an overall lengthy procurement process. For example, the one contract awarded to date for the region encompassing Washington and Oregon took almost 2 years to award--more than twice as long as DOD had originally planned.

Prospective contractors are frustrated with the process, telling us that the level of detail in DOD's requests for proposals and the number of changes to the requests contribute to contract delays and increase their costs of preparing responsive proposals. For example, prospective contractors estimate that it costs them between \$1 and \$2 million to prepare a proposal. Also, several protests have been filed with our Office. One of the protests was sustained, resulting in a contract award being found improper and the procurement being re-competed. DOD has changed several of its procurement procedures to address the protested issues. The other protests, filed after the changes were made, were denied.

DOD officials recognize that prospective contractors are frustrated with the process but consider the detailed procurement specifications, contracting process, and associated costs to be reasonable because of the size of the contracts and the need to establish a uniform program nationwide. DOD officials also think that the problems stemming from changing the request for proposals will diminish as they continue to gain experience with TRICARE contracts.

At the request of this Committee, we are examining DOD's procurement process to determine whether additional changes are needed and plan to report on these matters in June 1995.

MANAGEMENT INFORMATION SYSTEMS ISSUES

The lack of adequate and timely information on health care has, over the years, impeded several DOD initiatives to provide

health care more cost effectively. Military hospital commanders told us that inadequate information systems continue to hamper their effectiveness in performing their job and implementing change. These concerns about DOD health care management information systems become even more critical with the implementation of TRICARE.

DOD is developing a state-of-the-art integrated, automated medical information system called the Composite Health Care System (CHCS). This system comprises various modules that support a wide range of hospital functions, such as pharmacy, laboratory, patient administration, medical test results, and physician orders. A managed care program module has been designed specifically to support TRICARE. This module is designed to track the enrollment of beneficiaries in the Prime option, patient appointment bookings, and patient referrals--functions that are needed at the outset of TRICARE implementation. DOD is installing the module (into CHCS) in military medical facilities nationwide. Given CHCS' long development history and deployment schedule delays, however, lead agents and medical facility officials are concerned that the managed care module will not be available in their regions when needed to begin TRICARE.

COST-SHARING AND ACCESS INEQUITY ISSUES

We have previously reported on the need for uniform benefits and cost sharing for each category of beneficiary, regardless of where they live or receive their care.⁶ As you know, in 1994 the Congress required DOD to develop, to the extent practical, health benefit options, including a uniform health benefit modeled after private-sector HMOs.⁷ We believe DOD has progressed significantly on this issue. TRICARE offers beneficiaries three health benefit options, and, in December 1994, DOD announced a health benefit and fee structure for beneficiaries who enroll in Prime, regardless of residence.

Despite this progress, however, true uniformity in benefits and cost sharing has yet to be achieved and some inequities remain. For example, in some areas of the country, beneficiaries

⁶Defense Health Care: Challenges Facing DOD in Implementing Nationwide Managed Care (GAO/T-HEHS-94-145, Apr. 19, 1994).

⁷Section 731 of the National Defense Authorization Act for fiscal year 1994 (P.L. 103-160) also requires that the DOD costs be no greater than the costs that would otherwise be incurred to provide health care to the covered beneficiaries who enroll in the HMO option. Section 8025 of the Department of Defense Appropriations Act, 1994, (P.L. 103-139) requires DOD to establish a triple option health benefit.

may not have access to the TRICARE Prime and Extra options because sufficient medical resources may not exist to establish networks of physicians and hospitals needed for the Prime and Extra option. In those areas, beneficiaries may have access only to the TRICARE Standard option.

Secondly, in some places even where the TRICARE Prime option is established, DOD expects that availability will be limited and not all eligible beneficiaries will be permitted to enroll. DOD has established priorities for enrollment, which give family members of active-duty personnel priority over retirees, their dependents, and survivors. This has raised concerns about the extent to which retirees and others will be excluded from this option, which provides beneficiaries with the greatest cost advantage.

DOD's fee structure has reduced the disparity in beneficiary cost sharing for inpatient care but not for outpatient care. For inpatient care, primary care managers can now refer beneficiaries to appropriate providers (whether military or civilian), without regard to the effect on beneficiaries' cost shares.

For outpatient care, however, Prime enrollees using civilian providers must pay a greater cost share than enrollees assigned or referred to military physicians. Beneficiaries can receive outpatient care at a military facility at no cost but must pay a copayment ranging from \$6 to \$12 for outpatient care received from private-sector providers. Not all beneficiaries enrolled in Prime will receive their care in military facilities because there are not enough military providers to serve all enrollees. Rather, some beneficiaries will be assigned to a civilian primary care physician or referred to civilian specialists.

This cost-sharing inequity will likely affect retirees and their dependents more than other beneficiaries because families of active-duty dependents, even those not enrolled in Prime, have priority over enrolled retirees for receiving care from military providers. DOD is considering establishing fees for outpatient care provided by military medical facilities, and we have also recommended that such fees be established. Establishing fees for outpatient care would not only eliminate the inequity but could also help control the demand for health care and free up capacity within the military facilities.

Beneficiaries believe that TRICARE is flawed when addressing the needs of retirees age 65 and older. In response to these concerns, DOD and beneficiaries have proposed that the Health Care Financing Administration reimburse DOD for the care it provides beneficiaries who are also eligible for Medicare. Advocates of this proposal state that if DOD received such revenue, it would be able to enroll beneficiaries age 65 and over in TRICARE Prime, for which they are not now eligible.

Beneficiaries also suggest that CHAMPUS eligibility should continue beyond age 65, with CHAMPUS providing supplemental coverage to Medicare. They contend that DOD is virtually the only large employer that does not pay for part or all of their retired employees' medical expenses not covered by Medicare. In addition, they suggest that all beneficiaries should be permitted to choose from among TRICARE and the options offered in the Federal Employees Health Benefits Program.

The cost and budget implications of these proposals are obviously very important. We have not analyzed these implications but understand that the Commission on the Roles and Missions of the Armed Forces is currently studying and will report on the cost and feasibility of some of these proposals.⁸ Additionally, the Congressional Budget Office is presenting information on some of these matters today.

DOD officials believe that legislative restrictions on TRICARE limit the benefit and cost-sharing design options available to them. Because TRICARE must be cost neutral and CHAMPUS eligibility is limited to those under age 65, DOD believes that several of the proposed alternatives are not feasible without legislative action.

WILL TRICARE BE COST-EFFECTIVE?

DOD has estimated that TRICARE, even with its improved benefits, will be no more expensive than the current military health care system. As we stated earlier, TRICARE contains several features, such as utilization management and primary care managers, that if implemented properly, should contain costs. While many studies have been conducted of the military health care system and, in particular, the cost-effectiveness of DOD's managed care demonstration programs, none provides a sufficient basis to predict whether TRICARE will indeed be cost-effective. The usefulness of these studies has been limited because of inadequate data and because the studied programs differ significantly from TRICARE.

The most recent example is DOD's "733 study," so named because it was mandated by Section 733 of the National Defense Authorization Act of Fiscal Years 1992 and 1993. The 733 study was intended (in part) to assess the cost-effectiveness of maintaining a military health care system larger than that

⁸This Commission, established by the National Defense Authorization Act of 1994, is charged with providing an independent review and report on improving the effectiveness and efficiency of the Armed Forces.

required for wartime in order to serve peacetime needs.⁹ The study concluded that, on a case-by-case basis, care in military facilities was less expensive than CHAMPUS-provided care. The study cautioned, however, that this cost advantage was more than offset by a resulting increase in the demand for care brought about by expanding the availability of virtually free care in military facilities. This suggests that an improved health care benefit option, such as that offered in TRICARE Prime, may attract more people than the system can accommodate without increasing total costs. The study's conclusion is useful because it demonstrates the importance of controlling utilization of health benefits and thus costs. However, the study was based largely on data from DOD's CHAMPUS Reform Initiative demonstration project, which was so different from TRICARE that the specific cost and demand projections have little direct applicability to the new program.

Additionally, study analysts had to adjust and augment DOD's data in many ways to make it more compatible with CHAMPUS data and therefore usable for the 733 analyses. However, the number and magnitude of these adjustments underlie our concerns about the completeness and accuracy of the study. Therefore, while we find the study results to be plausible, we believe data-related problems also limit the utility of the study as a predictor of the potential cost-effectiveness of TRICARE.

As it moves forward with TRICARE's implementation, DOD has recognized the need for a periodic evaluation of the program's cost-effectiveness. To date, however, DOD has not developed a plan for such an evaluation. Evaluation plans and performance measures are needed to provide timely information on TRICARE's cost-effectiveness and thus DOD's compliance with legislative requirements that it be cost neutral. Furthermore, to ensure the usefulness and accuracy of future evaluations, DOD also needs to alleviate the data problems highlighted by past studies.

CONCLUSION

In summary, Mr. Chairman, DOD is dealing with difficult and costly health care problems. The Department's ability to successfully address the operational challenges to TRICARE's implementation and to use TRICARE to adequately augment a downsized medical care system are key to its future utility. Ultimately, TRICARE's success depends on DOD's ability to fairly

⁹The wartime portion of the 733 study concluded that DOD needed about one-half of the current level of medical personnel to meet wartime requirements. Our analysis of the wartime conclusions will be presented to this Subcommittee at a hearing on March 30, 1995.

accommodate affected beneficiaries, while achieving its goal of containing military health care costs.

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Mr. Chairman, this concludes my prepared statement. I will be glad to respond to any questions you or other members of the Subcommittee may have.

For more information on this testimony, please call Stephen P. Backhus, Assistant Director, at (202)512-7111. Other major contributors include Elkins Cox, Sylvia Diaz, Allan Richardson, Catherine Shields, Scott Smith, and Nancy Toolan.

RELATED GAO PRODUCTS

Defense Health Care: Issues and Challenges Confronting Military Medicine (GAO/HEHS-95-104, Mar. 22, 1995).

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VA/DOD Health Care: More Guidance Needed to Implement CHAMPUS-Funded Sharing Agreements (GAO/HEHS-95-15, Oct. 28, 1994).

Medical ADP Systems: Defense's Tools and Methodology for Managing CHCS Performance Need Strengthening (GAO/AIMD-94-61, July 15, 1994).

Defense Health Care: Challenges Facing DOD in Implementing Nationwide Managed Care (GAO/T-HEHS-94-145, Apr. 19, 1994).

Decision Regarding Protests Filed by Foundation Health Federal Services, Inc. and QualMed, Inc. (Redacted Version, B-254397.4 et al., Dec. 20, 1993).

Psychiatric Fraud and Abuse: Increased Scrutiny of Hospital Stays Is Needed for Federal Health Programs (GAO/HRD-93-92, Sept. 17, 1993).

Defense Health Care: Lessons Learned From DOD's Managed Health Care Initiatives (GAO/T-HRD-93-21, May 10, 1993).

Defense Health Care: Additional Improvements Needed in CHAMPUS's Mental Health Program (GAO/HRD-93-34, May 6, 1993).

Defense Health Care: CHAMPUS Mental Health Demonstration Project in Virginia (GAO/HRD-93-53, Dec. 30, 1992).

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Defense Health Care: Obstacles in Implementing Coordinated Care (GAO/T-HRD-92-24, Apr. 7, 1992).

(101461)

Mr. DORNAN. Thank you, Mr. Baine. Mr. Singer, please proceed.

**STATEMENT OF NEIL SINGER, DEPUTY ASSISTANT DIRECTOR,
NATIONAL SECURITY DIVISION, CONGRESSIONAL BUDGET
OFFICE**

Mr. SINGER. Thank you, Mr. Chairman.

I appreciate the opportunity to appear before this subcommittee to discuss the peacetime military health care system. My written testimony, which I will submit for the record, contains a brief review of the current system and TRICARE, CBO's evaluation of TRICARE, and a discussion of alternative ways to provide care for military beneficiaries, including Medicare reimbursement to DOD.

With your permission, I would like to discuss these points briefly and then respond to your questions. Mr. Skelton, if you want to re-ask that question during that period, then I will try to respond to it in the context of what is in my testimony.

Today's complex military health care system which includes direct care facilities and CHAMPUS has given rise to many criticisms and complaints. Access to care at military medical facilities varies widely by geographical location. Dependents and retirees receive care only when space and resources are available.

As a result, their out-of-pocket costs vary widely and are hard to plan for. The direct care system uses resources inefficiently. For example, beneficiaries' use of military health care far exceeds levels in the civilian sector.

To address those issues, DOD has developed its TRICARE proposal. The principal features of TRICARE are discussed in my written statement. I will skip over them here. I do need to offer one correction. DOD's policy is that eligibility for enrollment in TRICARE Prime and access to services in military facilities is determined by beneficiary status.

The prepared statement that we handed out in advance of the hearing is in error in stating that active duty dependents receive second priority by statute. Under recent changes in law DOD is permitted to devise a system of enrollment and access based on other criteria.

Let me now turn to our assessment of TRICARE. First, TRICARE will not offer military beneficiaries uniformed access to all three options. Active duty dependents living near military facilities are likely to enjoy the greatest benefits. In general, retirees will find it harder to gain access to the direct care system than they do now. Their out-of-pocket costs might increase.

TRICARE will not treat beneficiaries equally. Those living near military facilities will have lower costs than beneficiaries outside catchment areas. Costs for those different noncatchment areas will depend on the extent of civilian managed care networks, but beneficiaries in areas affected by BRAC hospital closings may face lower costs than those in other noncatchment areas.

Second, TRICARE will probably increase DOD's cost of peacetime medical care. The effects of TRICARE are likely to range somewhere between additional costs of about 6 percent or over \$500 million a year and savings of less than 1 percent or \$100 million.

That reflects uncertainty about DOD's ability to make major changes in the way it delivers health care and about beneficiaries' responses to the incentives they will face under TRICARE.

Third, TRICARE stopped short of making many changes that would improve efficiency. For example, a lead agent from one service will have little authority over hospital commanders from other services. DOD's plan for capitated budgeting will not strengthen lead agents' authority because resources will continue to be allocated separately through each service.

Similarly, DOD's plans for utilization management do not assign authority for the overall provision of care to either military hospital commanders or private contractors. This will weaken efforts to eliminate the delivery of medically unnecessary care.

Since enrollment would be required only for TRICARE Prime, eligible beneficiaries who are not now using the system might decide to return to it for their care. About 30 percent of eligible beneficiaries in the United States or 2 million people do not use the military system at present. That ghost population will continue to create major cost and management uncertainties under TRICARE.

Finally, TRICARE does not impose copayments for out patient care in military facilities. DOD is considering copayments under TRICARE Prime for retirees and their families in the future. Without copayments for the active duty dependents who would receive the preponderance of care delivered in military facilities, the tendency to use more care than is medically necessary will persist.

In summary, TRICARE is unlikely to solve the problems of the military health care system. My written testimony includes a discussion of several ways that the Congress might consider modifying the program to improve the chances of reducing costs and improving efficiency.

Briefly, they include: Give lead agents management control over personnel and resources from other services and civilian contractors. Require DOD to control the total amount of care delivered by both the direct care system and CHAMPUS to minimize medically unnecessary care. Adopt a universal enrollment requirement. Impose a premium in copayments in both military and civilian facilities. Remove the requirement that TRICARE Prime by itself be budget neutral to help DOD provide all beneficiaries with a triple option benefit structure.

Let me discuss the issue of Medicare subvention. Next year, about 25 to 30 percent of the 1.2 million military retirees and dependents eligible for Medicare will receive health care in military medical facilities paid for by DOD out of its annual appropriations. Many in the Congress have proposed authorizing Medicare to make payments to DOD to cover those costs. That is what is termed Medicare subvention.

CBO has estimated that such Medicare payments to DOD could eventually total about \$2.7 billion a year. Legislation on Medicare subvention is subject to the pay-as-you-go procedures of budget enforcement. It would allow DOD to spend any amounts it collected for Medicare without subsequent appropriation action.

In budget parlance, that is called direct spending. It would offset reductions in mandatory or entitlement spending or increases in

revenues to be deficit neutral. A compensating reduction in DOD's appropriations would not maintain deficit neutrality.

DOD's appropriations attract, along with other discretionary spending, on a separate scorecard. As long as there are fixed caps on discretionary spending, any savings in DOD's budget for Medicare subvention can be spent on other defense or nondefense discretionary programs.

Thus Medicare subvention would increase the deficit by the amount of the Medicare payment. It would also cause an additional expenditure for Medicare's hospital insurance trust fund which is already projected to run short of funds early in the next century.

Following the reduction in wartime medical requirements from cold war levels, if I may now turn to some alternative issues, DOD's own analysis has concluded that it could shrink its direct care system considerably while still providing, through its own facilities, roughly double the share of total wartime needs that it planned to meet during the cold war.

Downsizing the direct care system could offer substantial savings; about \$10 billion annually. It could be used to pay for medical care from alternative sources. Military medical resources could then be focused on wartime readiness as I will address in testimony on Thursday.

Military beneficiaries could receive access to civilian care in many ways. In requesting a CBO study of military medical care, the subcommittee directed us to consider the Federal Employees' Health Benefit Program or FEHB as an alternative to TRICARE.

FEHB is the source of health insurance for more than nine million federal employees and retirees and their dependents. Participants have a wide range of choices, type of plans and providers with varying premiums and levels of benefits. On average, the government pays about 72 percent of premiums. Beneficiaries pay the rest.

Under an illustrative FEHB alternative, DOD could offer all beneficiaries except active duty personnel the opportunity to enroll in FEHB. The Department would pay Medicare part B for those over 65.

Beneficiaries other than active duty would no longer receive care from the military system. DOD would care for active duty personnel through its remaining military hospitals and clinics and arrangements with the private sector.

Under this approach, active duty personnel would continue to receive guaranteed care at no cost, while others would have equal access through their chosen plans, which would offer many choices other than TRICARE.

Medicare eligibles would benefit substantially from this approach because most FEHB plans would provide full wraparound coverage, including 100 percent coverage for prescription drugs. A detailed cost analysis of this alternative will be a part of this study that we are conducting for the subcommittee.

It appears at this time that the costs for providing military beneficiaries with coverage under FEHB would be substantially less than the savings that could be realized by downsizing and restructuring the military's direct care system.

Net annual savings after full implementation could be on the order of a billion dollars or more which could be used, in part, to defray the added cost of FEHB for some military beneficiaries. Like Medicare subvention, however, this option would have pay-as-you-go implications for budgetary enforcement.

FEHB coverage would alter the net cost to beneficiaries compared with TRICARE. Table one of my written statement has some numbers. TRICARE Prime would cost active duty dependents less than some HMO plans offered through FEHB; but for retirees, FEHB alternatives could be less costly than TRICARE Prime.

A similar pattern applies for beneficiaries choosing TRICARE Standard. Active duty dependents would pay less than some FEHB fee-for-service plans, but many retirees could pay substantially more in TRICARE than under FEHB plans.

In conclusion, many questions remain unanswered about TRICARE's cost, its affect on access to care for different groups of beneficiaries and DOD's commitment to undertaking needed administrative and structural reforms.

An FEHB alternative approach could offer several advantages, but it would raise issues associated with budgetary treatment. Those issues and others will be addressed in more detail in the forthcoming study that we are conducting for this subcommittee.

Mr. Chairman, this concludes my prepared statement. I will be happy to take your questions.

CBO TESTIMONY

Statement of
Neil M. Singer
Deputy Assistant Director
National Security Division
Congressional Budget Office

on
the Peacetime Mission of the
Military Medical System

before the
Subcommittee on Military Personnel
Committee on National Security
U.S. House of Representatives

March 28, 1995

NOTICE

This statement is not available
for public release until it is
delivered at 2:00 p.m. (EST),
Tuesday, March 28, 1995.



CONGRESSIONAL BUDGET OFFICE
SECOND AND D STREETS, S.W.
WASHINGTON, D.C. 20515

Mr. Chairman, I appreciate the opportunity to appear before this Subcommittee to discuss the major efforts under way to reform the military health care system. My testimony will cover a range of topics, including:

- o A brief review of the current military medical system and Tricare;
- o The Congressional Budget Office's (CBO's) evaluation of the Tricare proposal; and
- o The effectiveness of alternative approaches to providing care for military beneficiaries, including the issue of Medicare reimbursement to the Department of Defense (DoD).

BACKGROUND

The military health care system today is made up of not one but two parts: the direct care system and CHAMPUS, the Civilian Health and Medical Program of the Uniformed Services. Together, the Army, Navy, and Air Force operate about 120 hospitals and more than 500 clinics worldwide. When care is not available at a military medical facility or when facilities are located too far away, eligible beneficiaries may seek care from civilian providers who are reimbursed by CHAMPUS or Medicare.

Over the years, that complex system has given rise to a number of criticisms and complaints:

- o Access to care for beneficiaries, especially at military medical facilities, varies widely by geographic location. By 1999, over 30 percent of all beneficiaries, and about 40 percent of retirees and their families—including almost half of those over age 65—will live outside the service areas of the direct care system.
- o Only active-duty personnel have guaranteed access to the direct care system. Dependents and retirees receive care only when space and resources are available.
- o Out-of-pocket costs for beneficiaries vary widely and are hard to plan for.
- o The direct care system uses resources inefficiently, leading to increasing reliance on CHAMPUS and use of only part of the capacity of military facilities. Moreover, beneficiaries use military health care at levels that far exceed those in the civilian sector.

TRICARE

To address those issues, the Department of Defense has tested many new approaches to health care delivery during the past decade. Out of those tests, and other considerations including budgetary pressures and military downsizing, has come the proposed Tricare program. Among the major elements of Tricare are the following:

- o Responsibility for managing health care delivery in each of 12 regions nationwide would be assigned to a *lead agent*, the commander of a major military hospital in the region. The lead agent would coordinate the delivery of care by military and civilian providers.
- o Management support in that effort would be provided by a *private-sector contractor* that would have responsibility for developing access to civilian health care. The contractor might also assist in utilization management--that is, ensuring that unnecessary care is not provided.
- o DoD would budget for those regional plans on the basis of *capitation*. Each military service, and then each hospital commander, would be allocated health care resources based on a fixed amount per beneficiary within each catchment area. Capitated budgeting is intended to foster stability in planning and to provide incentives for providing care efficiently.

- o Beneficiaries would have access--in as many locations as DoD could arrange--to a so-called *triple option benefit*: enrollment in Tricare Prime, a plan modeled after private-sector health maintenance organizations (HMOs) but offering additional flexibility; case-by-case use of Tricare Extra, a preferred provider option offering discounts for care from a network of selected providers; and continued reliance on Tricare Standard, essentially today's CHAMPUS coverage.

- o Active-duty personnel would automatically be enrolled in Tricare Prime. Their *dependents would receive priority* in electing enrollment in Tricare Prime. Retirees under age 65 would be able to enroll in Tricare Prime based on a combination of factors, including the remaining capacity of the direct care system in particular areas. Enrollment would be free for active-duty personnel and dependents, but retirees would pay an annual fee of \$230 for single and \$460 for family coverage.

- o Tricare Prime would offer *substantial incentives for enrollment* in preference to Tricare Extra or Standard, chiefly through priority access for enrollees within each beneficiary category. Enrollees would also benefit from reduced paperwork and potentially from enhanced coverage. In return, they would forgo access to nonnetwork providers except at a higher price, and a primary care physician would manage their access to care.

- o DoD would try to *enroll as many active-duty families* in Tricare Prime as possible. As a result, retirees would receive even less access to the direct care system. Retirees age 65 and older and their families would not be allowed to enroll in Tricare Prime, under provisions governing CHAMPUS eligibility.

Congressional requirements underlie many of the provisions of Tricare. The Congress directed DoD to develop a uniform and stable benefit nationwide for all eligible beneficiaries and mandated the triple option benefit structure, capitated budgeting, a regionally based system, and competition for managed care contracts. In addition, the Congress stipulated that both the triple option and the HMO option by itself--Tricare Prime--must not be any more costly than the present system.

CBO's Assessment

The Tricare program is already under way in parts of the country, and by fiscal year 1997 DoD plans to award managed care support contracts covering all 12 planning regions. Because Tricare is an outgrowth of DoD's earlier approach to managed care under the CHAMPUS Reform Initiative (CRI) program, CBO's analyses of CRI expansion provide some basis for evaluating the Tricare program.

Effect on Beneficiaries

Tricare is likely to fail to offer all military beneficiaries uniform access to all three options in the mandated benefit package. Many beneficiaries will not receive the opportunity to enroll in Tricare Prime. Others, who receive coverage under Tricare Extra or Standard, will face limited access to care at military facilities. Active-duty members and dependents living near military medical facilities are likely to enjoy the greatest benefits under Tricare. In contrast, under DoD's plan to improve access to military facilities for enrollees in Tricare Prime, some retirees--particularly those age 65 or older--would receive fewer benefits and might actually find their out-of-pocket costs increasing under Tricare compared with today.

The requirement of budget neutrality will make it difficult for DoD to offer Tricare Prime outside military hospital catchment areas. That factor will cause the net costs of health care for beneficiaries living far from military hospitals to be higher than those for beneficiaries in catchment areas. Moreover, a further inequity arises: under Congressional mandate, some beneficiaries affected by hospital closings under the base realignment and closure process have been offered an HMO benefit along with a prescription drug benefit and thus will be treated better than others in noncatchment areas.

More generally, retirees may experience greater difficulty in gaining access to the direct care system under Tricare than they do now. DoD's policy of encouraging active-duty families to enroll in the Tricare Prime program will reduce the space available in the military facilities to serve retirees. The access of retirees would be reduced still more by DoD's emphasis on caring for Tricare Prime enrollees in military facilities to ensure that those beneficiaries experience lower out-of-pocket costs and that the HMO option achieves budget neutrality.

Finally, beneficiaries are likely to find inequities stemming from differences in civilian managed care health markets. Because of the requirement for budget neutrality, DoD will be better able to offer Tricare Prime in noncatchment areas with developed networks of managed care providers (and thus lower costs of care) than in other noncatchment areas where managed care is relatively uncommon. Thus, availability of the Tricare Prime option will vary even among noncatchment areas.

Effect of Tricare on DoD's Costs

On balance, CBO expects that Tricare will increase DoD's costs of health care delivery, despite the statutory requirement that it be budget neutral. Based on a range of assumptions about how key factors would affect costs—which are described in detail in CBO's previous analyses of CRI—CBO concludes that if Tricare was fully

operational in 1996, the total cost of DoD's peacetime health care mission would probably increase by about 3 percent, or about \$300 million. That estimate is highly sensitive to many assumptions about the behavior of beneficiaries and DoD's ability to realize savings from managed care. But the effects of Tricare are likely to range somewhere between additional costs of about 6 percent (over \$500 million) and savings of less than 1 percent (\$100 million).

That range of estimates reflects uncertainty about DoD's ability to make major changes in the way it organizes its health care delivery system. The department plans to adopt several managed care strategies: applying utilization management to curb the use of care by beneficiaries in military facilities and the civilian sector; negotiating discounts with providers; and improving coordination between military facilities and the civilian sector to optimize the use of military facilities. Savings from those strategies would be needed to offset higher costs stemming from improved benefits under Tricare Prime and Extra, as well as the added administrative costs of the managed care support contracts.

Effect of Tricare on Health Care Management

Tricare stops short of making major changes in many of the current relationships built into DoD's health care delivery system that would affect its overall efficiency. For

example, the lead agents should be able to improve coordination among the services. But a lead agent from one service may find it difficult to exert authority over hospital commanders from other services as long as they continue to report to their separate Surgeons General. Capitated budgeting might help improve efficiency if it permitted transfers of funds among facilities within the same health care region, but at present DoD plans to continue to allocate resources separately through each service.

Similarly, Tricare includes many features intended to coordinate the delivery of care between the direct care system and CHAMPUS. Improving coordination is important to manage the total volume of care that beneficiaries receive. But DoD's plans for reviewing utilization management do not require that decisions about use made by a military hospital commander be binding on the private contractor providing managed care support within that hospital commander's jurisdiction. Nor would decisions by a contractor that certain types of care were medically unnecessary have to be binding on a military hospital commander, who could choose to furnish such care if resources were available.

Another aspect of efficient management concerns identifying the population for whom health care is to be provided. Historically, DoD has been unable to plan accurately because it has had no enrollment system for beneficiaries. Tricare would require enrollment under only one option, Tricare Prime, so the department would still face the possibility that eligible beneficiaries who were not currently using the system

might return to it for their care at any time. That factor introduces considerable uncertainty: CBO estimates that less than half of the non-active-duty beneficiaries using the system today will enroll. Furthermore, about 30 percent of those eligible to use military health care in the United States--2 million beneficiaries--do not do so at present. That "ghost" population would continue to create major cost and management uncertainties under Tricare.

Finally, Tricare does not go very far to enlist the help of beneficiaries in improving the efficiency of the health care system. Today's system does not impose copayments for outpatient care at military facilities and requires only minimal copayments for hospitalization. DoD is considering copayments under Tricare Prime for retirees and their families, but not for the active-duty members and dependents who would receive the preponderance of care delivered at military facilities.

Modifications to the Tricare Program

In summary, as CBO concluded last year in testimony before this Committee, Tricare is unlikely to solve all of the problems of the military health care system. But the program could be modified in ways that would boost its chances of reducing costs and improving efficiency. As Tricare goes forward, the Congress might want to consider requiring some of the following changes:

- o *Establish a tri-service command and control structure* that would provide each lead agent with management control over all personnel and resources from other services. Resources would no longer continue to be allocated separately through each service but would go directly to the lead agent.

- o *Require DoD to integrate utilization review activities* throughout CHAMPUS and the direct care system, thereby letting the department control the total volume of care delivered to military beneficiaries. The Congress might also require DoD to identify the services provided in either military or civilian medical facilities. Without such requirements, the department would have no way to eliminate the provision of unnecessary care and thus would not be able to hold down costs.

- o *Adopt a universal enrollment requirement* that all beneficiaries who plan to use the military health care system enroll in a military health care plan. Military providers need to be able to plan for the health care needs of a defined population in order to develop per capita budgets and build cost-effective health care delivery networks. Those strategies can be put into effect only if all eligible beneficiaries commit themselves either to use a military plan or to rely on civilian sources of care.

Impose a premium and copayments for health care benefits--for both military and civilian care--at levels approaching those in civilian plans. That change would offer beneficiaries incentives to use care efficiently. Premiums would also minimize the risk of ghosts reentering the military health care system, facilitating both regional management of the system and capitated budgeting. For DoD to institute that change, however, the requirement that Tricare Prime must lower out-of-pocket costs for beneficiaries would have to be repealed.

Allow enrollment to serve as the basis for access to care at military treatment facilities. In doing so, DoD could provide all military beneficiaries with a greater incentive to enroll in a military health care plan. At present, however, statutory language requires that DoD give priority access to active-duty personnel and their dependents.

Consider removing the requirement that the HMO option by itself be budget neutral. That requirement would limit DoD's ability to offer the HMO benefit in noncatchment areas, where costs to DoD are likely to be higher than the costs of care furnished in military facilities. Removing the requirement thus would offer DoD greater flexibility to provide all beneficiaries with the triple option benefit structure.

MEDICARE REIMBURSEMENT FOR MILITARY CARE

Who should bear the cost of care furnished by military medical facilities to beneficiaries eligible for Medicare? That issue arose in the course of last year's debate about national health care reform. In fiscal year 1996, about 1.2 million retired military personnel and their dependents who are entitled to Medicare insurance coverage will also be eligible to receive care in the medical facilities of the Department of Defense. For a number of reasons, including the access to available space that those beneficiaries are granted, only 25 percent to 30 percent of them will actually use military health care. But for those who do use it, DoD will pay the cost of care out of its annual appropriations, with no reimbursement from Medicare.

During last year's Congressional debate, both this Committee and the Senate Armed Services Committee considered proposals to authorize Medicare to make payments to DoD to cover the cost of such care (termed "Medicare subvention"). Similar proposals have been made in this Congress. One approach included in many proposals is to provide for payments based on the overall rate per enrollee, or capitated amount, that Medicare currently uses to reimburse eligible organizations, such as health maintenance organizations, that have Medicare risk-sharing contracts. Beneficiaries who choose to use the military health care system would have to designate DoD as the sole provider of care, meaning that they would be required to enroll in the Tricare program.

The budget stakes in this issue are significant. In estimating the costs of last year's proposals, CBO assumed that roughly the same number of beneficiaries eligible for Medicare who receive most of their care in military facilities today--about 25 percent of the eligible population--would enroll in a DoD Medicare HMO option. Based on that assumption, total Medicare payments to DoD would amount to about \$2.7 billion by fiscal year 2000.

Last year's legislation on Medicare subvention was subject to the pay-as-you-go procedures of budget enforcement. It allowed DoD to spend any amounts it collected from Medicare without subsequent appropriation action. In budget parlance that is called "direct spending" and would require offsetting reductions in mandatory or entitlement spending or increases in revenues to be deficit neutral. Without specific legislative remedies, the increase in Medicare spending for beneficiaries treated in military facilities would simply constitute an additional expenditure from the Medicare Hospital Insurance Trust Fund, which is already projected to run short of funds early in the next century.

One might ask whether there would be a compensating reduction in DoD's appropriations. Wouldn't that maintain deficit neutrality? Unfortunately, it would not because DoD's appropriations are tracked along with other discretionary spending on a separate "scorecard" from pay-as-you-go spending. As long as there are fixed caps

on discretionary spending, any savings in DoD's budget from Medicare subvention can be spent on other defense or nondefense discretionary programs. Thus, enacting Medicare subvention alone would increase the deficit by the amount of the Medicare payment.

Securing reimbursement from Medicare on the basis of capitated payments would help DoD to defray the cost of providing health care, but it would not necessarily guarantee beneficiaries eligible for Medicare any better access to a military facility than they have today. Access to a military facility would continue to be determined on the basis of location, capacity, and priorities. DoD could arrange for an enrollment option for those eligible for Medicare in areas without military facilities. But doing so would simply duplicate benefits currently available from Medicare HMOs in the civilian sector.

ALTERNATIVES TO TRICARE

Even if Tricare worked as DoD projects--that is, if it led to improved access to care, efficiencies in health care delivery, and costs no higher than under the present system--its additional benefits would accrue unevenly. Perhaps 60 percent of the population of current users of military health care (active-duty members and their families) would receive improved access at lower cost under Tricare. But retirees and their

dependents and survivors, who make up the remainder of users, would probably find their costs of care higher and their access to military facilities more limited.

Instead of changing the military health care system, some beneficiaries have proposed expanding the options for health care, at least for beneficiaries other than active-duty personnel. Military beneficiaries could receive access to health care from nonmilitary providers in many ways. One particular approach, supported by the National Military Family Association, would give beneficiaries access to care through the Federal Employees Health Benefits (FEHB) program rather than through the military health care system. In requesting a CBO study of military medical care, this Subcommittee directed CBO to consider FEHB alternatives to Tricare.

The reduction in wartime medical requirements from Cold War levels creates an opportunity to reconsider DoD's peacetime and wartime medical missions. According to DoD's Congressionally mandated study on the military medical system--referred to as the 733 study--and supporting analysis by RAND, the department could close the majority of its hospitals and medical centers and still provide through its own facilities roughly double the share of total wartime needs that it planned to meet during the Cold War. (As DoD has historically planned, the Department of Veterans Affairs and civilian hospitals under agreement with the National Disaster Medical System could meet additional wartime needs.)

Downsizing the direct care system to such an extent would make it impossible to provide peacetime care in military facilities to most military beneficiaries. But the downsizing would offer substantial savings--\$10 billion or more annually--that could be used to pay for medical care from alternative sources such as the FEHB program. CBO's evaluation of the FEHB alternative includes an estimate of the savings from downsizing the direct care system.

Under such an approach, most military medical personnel would no longer be responsible in peacetime for caring for military beneficiaries. How to use those medical resources to enhance wartime readiness will be addressed in our testimony at the Subcommittee's next hearing on March 30.

The Federal Employees Health Benefits Program

The Federal Employees Health Benefits program is the source of health insurance for more than 9 million people. That number includes employees and retirees of the federal government and their dependents. Enrollment in the FEHB program is voluntary. In fact, not everyone who is eligible for enrollment chooses it: about 15 percent to 20 percent of the total eligible population of federal workers and retirees decide not to enroll in FEHB for a variety of reasons, such as a married person who opts for coverage through the employer of his or her spouse.

Participants in FEHB have a wide range of choices of types of plans and providers. Premiums and levels of benefits vary among plans. Two basic types of health insurance plans are offered: fee-for-service plans (perhaps including preferred provider options) and prepaid plans such as HMOs. In addition to the choice of plan, enrollees must also elect either self-only or self and family coverage.

The cost of each plan's premium is shared between the federal government and enrollees. In fiscal year 1995, the average premium contribution that the government will pay will be about 72 percent; employees and annuitants will pay the remaining 28 percent (except for Postal Service personnel, who pay a smaller share). The share of the premium paid by any individual employee or annuitant varies by plan.

FEHB as a Provider of Care for the Military

For purposes of comparison, CBO has developed an FEHB alternative consistent with the Subcommittee's request. Under this illustrative alternative, DoD would offer active-duty dependents and retirees and their family members the opportunity to enroll in the FEHB program on a voluntary basis. In addition, the department would ensure that all of its military beneficiaries over the age of 65 had full coverage under Medicare, including both coverage under Part A (Hospital Insurance) and voluntary coverage under Part B (Supplementary Medical Insurance). Those who are eligible

would receive primary coverage through Medicare, with most FEHB plans providing a wraparound policy to cover what Medicare does not.

Beneficiaries other than active-duty personnel would no longer have the option to receive care from the military system. The direct care system would be reoriented toward the wartime medical mission. As a result, the availability of peacetime care in military facilities would be sharply curtailed. DoD would retain the responsibility to provide care for active-duty personnel, which it could meet through some combination of its military hospitals, clinics, and care purchased from the civilian sector. CBO's testimony at the Committee's next hearing will discuss the provision of care for active-duty personnel at greater length.

Effects of FEHB on Coverage and Access to Care

One major effect of this approach is that it would place all categories of beneficiaries on equal footing. Today's military health care system puts active-duty personnel before active-duty dependents; retirees and their families have lowest priority. The FEHB approach would eliminate that ranking, since all beneficiaries would have equal access through their chosen plans.

Because most FEHB plans would provide full wraparound coverage for services and cost-sharing requirements not covered by Medicare, military beneficiaries who are eligible for Medicare would also benefit substantially from this option. For example, most FEHB plans would provide 100 percent coverage for prescription drugs for such beneficiaries, all of whom would have their employee premiums for enrollment under Medicare Part B paid by DoD.

Even under the FEHB approach, access to care could still vary by region, since not all FEHB options are available in all parts of the country. But military beneficiaries would have many more choices than they have today through the military health care system. Active-duty dependents could have at least as many choices as federal civilian employees, ranging from fee-for-service plans (with or without a preferred provider option) such as Blue Cross/Blue Shield to prepaid HMOs. The lack of available information on where retirees live makes it difficult to determine what plans might be available to them, but the availability of plans other than fee-for-service ones seems not to be particularly important to most federal retirees. Over 85 percent of all federal annuitants enroll in fee-for-service plans that enable them to choose their physicians. Blue Cross/Blue Shield alone is chosen by over 55 percent of annuitants.

A military beneficiary's actual choice to enroll in a plan of the FEHB--and the plan actually chosen--depends on many more factors than just the number of choices.

How the department implements this option, how much it would contribute to each plan's premium, and the alternative options that beneficiaries may have for private health insurance will all affect their behavior. Those considerations underlie CBO's analysis of the costs of the FEHB approach.

Effect of FEHB on Government Costs

In estimating those costs, CBO assumes that the present approach to calculating FEHB premiums would be retained. DoD would pay at least the government's share of the premiums of the plans actually selected by beneficiaries, or an average of about 72 percent of the plans' cost. (Under current statute, the actual contribution that the department would make toward any plan's premium could not exceed 75 percent of any plan's premium.) Enrollees would pay the remaining 28 percent of the average premium.

CBO will provide a detailed cost analysis of the FEHB alternative as part of the study that we are conducting for this Subcommittee. Because that analysis has not yet been completed, our testimony today is limited to discussing the likely effects of FEHB. It now appears that the costs of providing military beneficiaries with coverage under the full range of FEHB plans would be substantially less than the savings that could be realized by downsizing and restructuring the military's direct

care system. Net annual savings after full implementation could be on the order of \$1 billion or more. Savings would probably be somewhat greater in comparison with Tricare once it is fully established.

The estimated cost of providing coverage for active-duty dependents and retirees and their families under FEHB includes an evaluation of how adding those beneficiaries to the covered population would affect the costs of both DoD and Medicare. As well as the cost to DoD of providing military beneficiaries with coverage under FEHB, the estimate assumes that Medicare costs would increase under both Part A and Part B. In addition, the estimate assumes that DoD would pay an enrollee's premium under Medicare Part B, including fees for those beneficiaries who waived coverage when they first became eligible.

Some or all of those savings could be used to defray the added costs to military beneficiaries under FEHB. CBO is evaluating a variety of options for reducing the net costs to beneficiaries. Adopting any such option, however, would add to DoD's costs in two ways. First, individual participants would receive greater benefits than under basic FEHB. Second, the more generous benefits would probably induce some additional beneficiaries to elect coverage. Those added costs could offset some--perhaps even more than 100 percent--of the savings from the FEHB approach, depending on how the option was designed and carried out. Those issues will also be discussed in detail in CBO's forthcoming analysis.

Effects of FEHB on Beneficiaries' Costs

FEHB coverage would alter the net cost to beneficiaries compared with Tricare. For most beneficiaries, the largest effect would stem from additional premium costs. In addition, under some plans beneficiaries would face copayments different from those under any of the three Tricare options. Further, the improved coverage that many FEHB plans would offer might enable some beneficiaries to save by canceling CHAMPUS supplemental insurance policies or other private coverage.

Under Tricare, costs for different groups of beneficiaries will depend heavily on access to treatment in military facilities (see Table 1). Tricare Prime would cost active-duty dependents less than some HMO plans offered through FEHB, but for retirees, FEHB alternatives could be less costly than Tricare Prime. A similar pattern applies for beneficiaries choosing Tricare Standard: active-duty dependents would pay less than in some FEHB fee-for-service plans, but many retirees could pay substantially more than under FEHB alternatives.

Administrative Factors

In fiscal year 1995, the total cost of FEHB to the federal government is about \$16 billion. If coverage was provided to all 6.6 million potential DoD beneficiaries--

TABLE 1. ESTIMATED OUT-OF-POCKET AND PREMIUM EXPENSES FOR BENEFICIARIES UNDER TRICARE OPTIONS AND PLANS OFFERED UNDER THE FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM (In dollars)

Plan and Beneficiary Category	Tricare	FEHB	Difference
Tricare Prime/Health Maintenance Organization			
Active-duty dependents ^{a,b}	100	700	600
Retirees			
Younger than 65 ^{b,c}	1,000	700	-300
Older than 65 ^d	1,700	700	-1,000
Tricare Standard/Traditional Fee-for-Service Plan			
Active-duty dependents ^{a,b}	200	1,100	900
Retirees			
Younger than 65 ^{b,c}	1,100	1,100	0
Older than 65 ^d	1,700	600	-1,100

SOURCE: Congressional Budget Office.

NOTES: FEHB = Federal Employees Health Benefits program.

Numbers assume expenses for an individual under the Tricare program and two different plans offered under the FEHB: Kaiser Permanent and the Standard Option of Blue Cross/Blue Shield. Actual expenses could be higher or lower than estimated here depending on many factors, including health status, income, and the actual plan selected by an individual under the FEHB program. Expenses are estimated for 1996 omitting any expenses incurred outside the military health care system, with the exception of expenses for CHAMPUS supplemental coverage, or the plan of choice under FEHB. Costs are rounded to the nearest hundred.

- a. Includes expenses for beneficiaries for care provided in the civilian sector; all other care received is considered to be free of charge at military medical facilities.
- b. Assumes that an enrollee in a health maintenance organization plan offered under the FEHB program would assume the behavior of a typical active worker in that plan.
- c. Includes beneficiary expenses for care provided in the civilian sector and for a CHAMPUS supplemental policy; all other care received is considered to be received free of charge at military medical facilities.
- d. Assumes that military beneficiaries over the age of 65 are not eligible for Tricare Prime or Standard. Instead, military beneficiaries over the age of 65 would incur the same acute care expenses as other Medicare eligible individuals for all services covered by Medicare plus one-third of their out-of-pocket expenses for prescription drugs; DoD would pay the rest of their prescription drug expenses. Two assumptions are central to this estimate: that Medicare is the beneficiaries' only health coverage, and that the only expense for beneficiaries over the age of 65 would be their premium for a plan under the Standard Option of Blue Cross/Blue Shield. Expenses are assumed to fall for military beneficiaries over the age of 65 enrolled in a plan offered under the FEHB for two reasons: their premiums would be paid by DoD for coverage under Medicare Part B, and the Standard Option of Blue Cross/Blue Shield would reduce out-of-pocket expenses to zero.

including ghosts—the size of the FEHB program could increase by almost 75 percent. Even if the ghost population was excluded, the increase in volume would surely increase administrative costs for the program. Those added costs, which CBO has not been able to estimate, would offset some of the potential savings.

Apart from the increase in the volume of work, expanding FEHB to cover dependents of military personnel and retirees would raise several administrative issues. One issue that would emerge is how to handle enrollment for active-duty families, who move much more often than other federal workers. Another issue concerns self-only and self and family policies. This option assumes that active-duty spouses would be permitted to purchase policies, even though the active-duty member is the employee. Further, in many cases, a spouse without children or an only child in a single-parent family might benefit from purchasing a lower-cost self-only policy. The Office of Personnel Management would have to resolve those administrative questions in a manner consistent with the interests of military families.

Budgetary Treatment of FEHB Costs

Like Medicare subvention, this option would have pay-as-you-go implications for budgetary enforcement. First, the employer contribution for premiums of annuitants is considered to be an entitlement subject to pay-as-you-go procedures. Second,

legislation that raised participation in either Medicare Part A or Part B would also be subject to those procedures. The FEHB option would raise Medicare participation because people who now receive care in military treatment facilities would instead be treated in the civilian sector under Medicare.

In this case, as with the Medicare subvention option, the presence of fixed caps on discretionary spending would prevent a reduction in DoD's budget for health care from automatically reducing net discretionary spending. Under the scoring rules of the Omnibus Budget Reconciliation Act of 1993, putting an FEHB option into place for military personnel would require offsets in pay-as-you-go spending and perhaps in the legislative cap on discretionary spending.

A final issue for this Subcommittee's concern is jurisdiction over the FEHB program. At present, jurisdiction in the House of Representatives resides with the Civil Service Subcommittee of the Committee on Government Reform and Oversight. Any proposal to extend the FEHB program to military beneficiaries presumably would have to receive the approval of that committee as well as this one.

CONCLUSION

Despite DoD's efforts, Tricare is not yet a fully developed vehicle for providing medical care to military beneficiaries. A number of questions remain unanswered about the program's costs, its effect on access to care for different groups of beneficiaries, and DoD's commitment to undertaking needed administrative and structural reforms.

In this testimony, CBO has outlined an alternative approach to providing care for the military population. The FEHB approach might offer savings compared with both Tricare and today's military medical system, while simultaneously improving access and equity for beneficiaries. Integrating the FEHB approach with Medicare, however, would raise issues associated with budgetary treatment. Those issues and others will be addressed in more detail in the forthcoming study that CBO is conducting for this Subcommittee.

Mr. DORNAN. Thank you very much, Mr. Singer.

Your full testimony is very, very comprehensive. The staff has been working their way through it and will continue to do so over the next few weeks.

Colonel Partridge, for the Military Coalition, would you proceed, sir.

**STATEMENT OF COLONEL CHARLES PARTRIDGE, USA (RET.),
THE MILITARY COALITION, ACCOMPANIED BY LT. COMDR.
VIRGINIA TORSCH, THE MILITARY COALITION**

Colonel PARTRIDGE. Mr. Chairman, distinguished members of the committee, the Military Coalition, representing 27 military associations and nearly 4 million members, thanks you for holding these hearings. We very much appreciate being invited to testify on the proposed TRICARE Program.

I am the cochairman of the Coalition's Military Medical Committee. Sitting behind me is Lt. Comdr. Virginia Torsch who is the other cochairman of the Medical Committee.

Our overriding goal is to advance the national security interest of the United States by maintaining a strong national defense. The most vital elements of the Nation's defense are the men and women of the All Volunteer Force, those currently serving and those who have served.

We in the Military Coalition are proud to represent their interests. As the TRICARE Program was developed, we were included in the process by Dr. Joseph and the health affairs staff. We thank him for that.

We were not included by OSD budget managers or OMB, so we had no direct input into their deliberations, which I think is a characteristic of all budget shops.

At a recent coalition-funded gallop survey, 89 percent of active and retired military personnel stated that they were promised lifetime free medical care. This brochure was picked up in a recruiting office this past year and it states:

Health care is provided to you and your family members while you are in the Army and for the rest of your life if you serve a minimum of 20 years of active federal service to earn your retirement.

I mentioned this because this is the baseline for our members, while DOD is charged with developing a managed care program and producing savings from an already dwindling medical benefit. So, we are starting from different points. There will be some tension and disagreements in the process.

We believe that the TRICARE Program is seriously flawed, but we also believe that it possibly can be fixed. Our active duty members have expressed concern that they will not have a uniform benefit. That local MTF commanders may establish priorities for enrollment, or that all TRICARE options may not be offered in all regions, or may vary from region to region.

The coalition recommends that priorities for enrollment be set by DOD nationwide and applied consistently throughout the country. Further, that active families at remote locations and no access to TRICARE Prime should not be subject to CHAMPUS copayments.

We believe these families should not be penalized economically for assignments to areas they have no control over. We also expect

TRICARE to provide a true triple option. Under the HMO concept, we understood we would be giving up some choices for lower cost care. Under the extra or the PPO, that would give us the opportunity to retain choices and use the discount network. Under TRICARE Standard, we would like to have seen full choice. Instead, the requirements for nonavailability statements for TRICARE Standard beneficiaries have been tightened.

The coalition recommends that the requirement for nonavailability statements be eliminated for TRICARE Standard. This would give the beneficiaries the true triple option benefit under TRICARE.

The most serious has been mentioned before. That is, Medicare eligibles lose the military medical benefit at age 65. They cannot enroll in TRICARE Prime. They have no other CHAMPUS benefit. No other Federal employee is disenfranchised at age 65.

Huge cuts in the military medical personnel, some 31 percent, and the uniformed Army medics some 6,000 civilian man years, plus the BRAC closures, have convinced us that space available care which over 65 could use if it were available is just not going to be there. It is evaporating rapidly.

The coalition recommends that Medicare eligibles be allowed to enroll in TRICARE Prime. For those who do not enroll, that CHAMPUS and TRICARE be authorized as second payer to Medicare. For the younger Medicare disabled beneficiary, CHAMPUS or TRICARE should be the primary payer.

Further, the Coalition recommends that Congress direct implementation of a demonstration program for fiscal year 1996 for CHAMPUS as a second payer to Medicare around base closure sites. This would answer the problem, I believe, Mr. Skelton, for that 67-year-old master chief whose base is closed around him.

The Coalition supports Medicare reimbursement or subvention as a source of funding for treatment of Medicare eligibles and MTF's, or the managed-care networks, and recommends that the committee favorably report the provisions of House Resolution 580.

Other recommendations include giving TRICARE Prime enrollees priority of treatment within the MTF over beneficiaries who decline to enroll. That also has been mentioned.

We also recommend authorizing payment of the enrollment fee on a monthly basis, or if the beneficiary desires, by military pay allotment rather than expecting these retirees, many who cannot afford it, to come up with the enrollment fee right upfront.

We would also like DOD to establish fixed fees for the first 5 years that TRICARE Prime is in effect. Otherwise, DOD can be accused of bait and switch. These can be based on the expected inflation so that they can expect that the fee will be fixed for 5 years, not enroll, and then see the fee go up immediately the next year.

We also believe that the CHAMPUS or the TRICARE catastrophic cap should be set at \$2,500 which would bring the CHAMPUS Program in line with many civilian plans and the Federal Health Benefit plans. We would like to see prohibited by statute user fees in MTF's.

The people who suggest user fees in MTF's don't understand the military culture where hundreds of thousands of retirees and other volunteers contribute their time to running the MTF's.

They are in pharmacies. They are in the appointment section. Many of these hospitals couldn't operate without the retirees. We believe it is sending the wrong signal and on top of that, put on a user fee.

Mr. DORNAN. Do you have a percentage on that, of how many retiree volunteers there are?

Colonel PARTRIDGE. I don't have it nationwide, but many of the hospitals I have visited keep statistics on that and show that they just couldn't operate without it. I could get that from some of the hospitals and it would give you an example of the numbers we are talking about. It is huge.

Mr. DORNAN. It is hard to come up with an average hospital percentage when some hospitals might be way at the low end and others might be just shut down.

Colonel PARTRIDGE. That's correct.

Mr. DORNAN. You are saying some hospitals would shut down without that help?

Colonel PARTRIDGE. We are saying that they couldn't operate nearly as efficiently without it.

Mr. DORNAN. Not shutdown, but operate the way they are supposed to.

Colonel PARTRIDGE. This not extra care or whether they find work for them. These are people back there filling the bottles that the pharmacist hands them and that kind of thing.

Mr. DORNAN. Got it.

Colonel PARTRIDGE. These proposals would improve the TRICARE Program, enhance military readiness, and reassure active and retired military personnel and their families that the Nation intends to keep its part of the contract.

Thank you, Mr. Chairman. I will be glad to respond to any questions the committee may have.

[The prepared statement of Col. Partridge follows:]



T H E M I L I T A R Y C O A L I T I O N

201 North Washington Street
Alexandria, Virginia 22314

STATEMENT OF
THE MILITARY COALITION
provided to the
HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON MILITARY PERSONNEL

Presented by

Colonel Charles Partridge, USA (Ret)
National Association for Uniformed Services

Accompanied By

LCDR Virginia Torsch, USNR
The Retired Officers Association

MARCH 28, 1995

MISTER CHAIRMAN AND DISTINGUISHED MEMBERS OF THE COMMITTEE:

The Military Coalition would like to express its appreciation to the Chairman and distinguished members of the House National Security Committee's Subcommittee on Military Personnel for holding these important hearings. The testimony provided here represents the collective views of the following military and veterans organizations known as The Military Coalition which represent approximately 3.75 million members of the seven uniformed services, officer and enlisted, active, reserve and retired plus their families and survivors.

- Air Force Association
- Air Force Sergeants Association
- Association of Military Surgeons of the United States
- Association of the United States Army
- Chief Warrant Officer and Warrant Officer Association, United States Coast Guard
- Commissioned Officers Association of the United States Public Health Service, Inc.
- Enlisted Association of the National Guard of the United States
- Fleet Reserve Association
- Jewish War Veterans of the United States of America
- Marine Corps League
- Marine Corps Reserve Officers Association
- Military Chaplains Association of the United States of America
- National Association for Uniformed Services
- National Guard Association of the United States
- National Military Family Association
- Naval Enlisted Reserve Association
- Naval Reserve Association
- Navy League of the United States
- Non Commissioned Officers Association
- Reserve Officers Association
- The Retired Enlisted Association

- The Retired Officers Association
- United Armed Forces Association
- United States Army Warrant Officers Association
- USCG Chief Petty Officers Association
- The National Order of Battlefield Commissions (Associate Member)
- Army Aviation Association of America (Associate Member)

INTRODUCTION

The Military Coalition's overall goal is to advance the national security interests of the United States by maintaining a strong national defense. The most vital elements of the nation's defense establishment are the men and women of the ALL VOLUNTEER FORCE.

As the nation draws down from the Cold War victory and bases close around the country, hundreds of thousands of military personnel and their families are adversely affected. This turbulence impacts the morale and esprit-de-corps of the military community, particularly the retired component.

Through the leadership of this Committee, Congress has responded by funding a variety of programs to help with improving the Military Health Service System (MHSS) and changing health care delivery services under the Department of Defense's new Tricare program. Without question, it has the potential for enhancing the health care benefit for all CHAMPUS-eligible beneficiaries. The Military Coalition very much appreciates this Committee's leadership in this area. But, we would be remiss if we didn't express our serious concerns about what is happening to older retirees and their families as they become eligible for Medicare and lose their entitlement to care under CHAMPUS.

Before addressing the plight of older retirees, it is important to note that numerous surveys have ranked medical care (along with

adequate pay, commissaries and inflation protected retired pay) as one of the top concerns of military personnel and their families. Over the years military personnel and their families have been promised military sponsored health care coverage for life. As recently as November 1993, Armed Forces Recruiting Stations were using recruiting brochures which promised the following:

"Superb Health Care. Health care is provided to you and your family members while you are in the Army, and for the rest of your life if you serve a minimum of 20 years of active Federal service to earn your retirement."

RPI 909, November 1991 ° U.S.G.P.O. 1992 643-711

"BENEFITS...These are only a few of the great extras you'll find when you join the Marine Corps. And the nice part is, should you decide to make a career of the Corps, the benefits don't stop when you retire. In addition to medical and commissary privileges, you'll receive excellent retirement pay..."

MARINES, Life in the Marine Corps, p. 36.

"One very important point, you never lose your eligibility for treatment in military hospitals and clinics"

Air Force Pre-reenlistment Counseling Guide,

Chapter - Medical Care, Section 5-2.f., 1 April 1986.

While quality of care in MTFs is judged as good to excellent, the availability of care has become increasingly uncertain, and inaccessible in many cases, forcing many, if not most, older retirees to seek health care in the private sector. This has imposed significant problems for retired families in many communities, especially when many civilian providers refuse to participate in the Medicare program.

THE OBSTACLES TO COST-EFFECTIVE HEALTH CARE

The Military Coalition has reviewed the proposed rules for TRICARE, which were published in the Federal Register on February 8, 1995. A number of its provisions do a disservice to retirees and if not corrected will reinforce the growing perception among the military retirement community that they have been relegated to the status of second class citizens.

The Coalition's most serious concern is that Medicare-eligible beneficiaries will not be able to enroll in TRICARE Prime - DoD's new health maintenance organization (HMO) like plan. Under current law, DoD cannot be reimbursed for Medicare-eligible retirees who might like to enroll in Prime. This effectively bars all older military beneficiaries from accessing care in military treatment facilities (MTFs). Without Medicare reimbursement, DoD has no funding or financial incentive to treat military Medicare eligibles. As a result, **they are gradually being "locked out" of the military health care system and being shoved into Medicare.** If that were not bad enough, CHAMPUS-eligible beneficiaries who enroll in TRICARE Prime will be abruptly disenfranchised from it when they become Medicare-eligible. Theoretically, Medicare-eligible retirees and their spouses could still be treated in military treatment facilities (MTFs) on a **"space-available" basis.** But, the truth is that MTF space available care will evaporate as enrollments in Tricare Prime grow and regional provider networks reach their full program capacity.

Before we address a cost effective solution to this dilemma we want to focus on several other problems with the TRICARE Program as it is currently proposed in the Federal Register.

- **MTF User Fees:** The proposed DoD regulation suggests consideration be given in the future to establishing nominal outpatient "user fees" for retirees, their family members and survivors for care they receive in the MTF. The Coalition strongly

objects to this proposal on the grounds that it would be highly discriminatory and inconsistent with the total force concept.

The proposal inappropriately suggests that beneficiaries frivolously use health care services and that the perceived abuse of health care facilities is limited to retirees, their families and survivors. It defies logic to conclude that once an individual transitions to retired status, he or she no longer practices judicious use of health care. If there is abuse -- which we do not believe is the case -- it would be more appropriate to conclude the practice exists system-wide by all beneficiaries.

It would be penny-wise and pound-foolish to attempt to induce retirees to enroll in TRICARE Prime (and pay a significant enrollment fee) under the premise of increased access to care in a military treatment facility and then charge them a user fee to discourage utilization of the services. The entire funding structure for TRICARE Prime is predicated on enough revenue being generated by retiree enrollment fees to offset most of the financial burden of the program. The class discrimination associated with retiree-only user fees could be the catalyst to trigger the demise of TRICARE Prime in much the same manner as the seniors-only surtax sounded the death knell for the Medicare Catastrophic Coverage Act. User fees will have a particularly negative impact on newly retired personnel, who would abruptly be confronted with an enrollment fee and user fees as well, where only days earlier he or she was exempt from these costs as an active duty member. This abrupt change in financial liability flies in the face of two decades of unsettling experience with the Survivor Benefit Plan which has clearly shown that the uncertainty and lack of economic security associated with transition to civilian life causes thousands of retirees to gamble and forego survivor protection to the detriment of their families.

It adds insult to injury and is particularly egregious to earmark the revenue produced by a user fee to other quality of life programs that would not necessarily be applied to the retiree or survivor community. If a user fee is determined to be an imperative to reduce the cost of care -- which we challenge -- then the fees should be applied to all users of TRICARE Prime and the revenue used to enhance the medical program.

User fees could easily become a self fulfilling prophecy and as the administrative costs of collecting these fees increase, the user fees will have to be increased proportionately. A related concern is that once in place, user fees will become an attractive mechanism for solving financial shortfalls -- real or perceived -- as TRICARE evolves.

The Coalition strongly recommends that the Committee include a statutory prohibition against the imposition of user fees in MTFs.

• **Requirement for Restricted Non Availability**

Statements (R-NAS): The proposed DoD regulation provides that an MTF commander may consider the availability of services from selected civilian network providers (participating in TRICARE Prime) when determining whether to issue a "Restricted - NAS", for inpatient and certain outpatient health care services provided to participants in CHAMPUS Standard. If the commander determines that, although the services are not available from the MTF, the services are available from a selected civilian facility, he may deny issuance of R-NAS and force the CHAMPUS Standard beneficiary to forego continuity of care and use a network provider instead.

The Coalition is strongly opposed to requiring beneficiaries who have chosen to remain with TRICARE Standard to obtain an NAS before they can seek care through civilian providers. The whole idea behind TRICARE is to have a choice between three health care plans. Beneficiaries who elect TRICARE Standard, do so to have the

prerogative to choose their own health care providers, but with the understanding that they will be paying higher co-payments for that freedom of choice.

The Coalition recommends that beneficiaries who select TRICARE Standard should not be forced to use a Tricare Prime civilian network provider.

- **Eligibility for Enrollment in Prime:** The proposed DoD regulation states that a military treatment facility commander may establish priorities when offering enrollment in TRICARE Prime.

The Coalition is concerned that giving the local MTF Commander the authority to set enrollment priorities will result in an inequitable situation where retirees can enroll in Prime in one region, but will not be allowed to enroll in Prime in another region.

The Coalition recognizes that some regions will not be able to enroll all applicants for Prime until their networks are fully established, but a national standard for enrollment priorities should be used in these cases rather than allowing an MTF Commander decide who he wants to enroll.

The Coalition recommends that priorities for enrollment in Prime be set by DoD, and applied consistently throughout the country.

- **Inconsistent Priority for Care in MTFs:** The proposed DoD directive accords active duty dependents, who decline the opportunity to enroll in TRICARE Prime, higher priority for care in MTFs than enrolled retirees, their dependent and survivors.

It is incomprehensible why active duty dependents who decline enrollment in TRICARE Prime would be given priority for care in an MTF over retirees and their family members or survivors who enroll in the program and are the only group subject to an enrollment fee.

Such an arbitrary decision will clearly communicate to the retired community that it is being relegated to third class citizen status. Such flagrant discrimination will destroy the retired community's motivation to participate in TRICARE Prime, and ignores the strongest reason retirees have to enroll -- loyalty to a system they have grown to trust and rely on for most of their adult lives. If enrollment means being shunted to the civilian network, the purpose for enrolling is considerably diminished. The most judicious approach would be to afford any beneficiary who enrolls in TRICARE Prime priority for care in an MTF on a first-come, first-served basis after the health care needs of active duty members have been met. As a minimum, an enrolled beneficiary must have priority over those who decline to enroll. To do otherwise frustrates the concept of enrollment and will be perceived as a disingenuous attempt to lure retirees into paying an enrollment fee based on a transparent promise. The Coalition is so strongly opposed to this callous treatment of retirees that unless it is resolved to afford them equitable status, the Coalition would be unable to recommend enrollment to its members.

The Coalition recommend that the statute be changed to provide enrollees in Tricare Prime priority over beneficiaries who decline to enroll.

- **Partial Implementation of TRICARE:** DoD proposes partial implementation of the TRICARE Program. In such cases, the TRICARE Extra Plan and the TRICARE Standard Plan may be offered without the TRICARE Prime Plan. Partial implementation may also consist of establishment of a TRICARE Program limited to particular services, such as mental health services."

The Coalition was under the impression Congress had mandated that DoD establish a uniform health care benefit across the country. Partial implementation of TRICARE implies that beneficiaries will still have a different health benefit according to where they reside. For

example, a resident of one region would have the full array of TRICARE options available, whereas a resident of another region may only have TRICARE Extra or Standard available. The Coalition is concerned that unless DoD strives to commit to a full implementation of all TRICARE options in all regions, that beneficiaries will still face inequitable health care benefit options that vary from region to region.

The Coalition recommends that to correct this anomaly and provide an equitable benefit, CHAMPUS be provided as second payer to Medicare for older retirees who do not enroll in Tricare Prime. Further, active duty families at remote locations, who do not have access to Prime, should not be subject to CHAMPUS copayments.

- **Upfront Enrollment Fee:** The proposed DoD regulation requires that a beneficiary who is enrolled in TRICARE Prime pay an enrollment fee of \$230 per individual and \$460 per family. Unfortunately, there are no provisions to temper the financial impact of paying these costs upfront.

The Coalition believes that an upfront enrollment fee imposes an unfair financial burden on retirees, particularly lower grade personnel or survivors who might not have the resources to enroll without being faced with the Hobson's choice of health care or food on the table. In this regard, The Coalition has had reports of retired enlisted beneficiaries in Washington and Oregon having to take out loans to enroll in TRICARE Prime. This is unconscionable. No beneficiary should have to take out a loan to enroll in Prime.

The Coalition strongly recommends that provisions be made to allow the enrollment fee to be paid in monthly installments and, at the retiree's discretion through military pay allotments.

- **Updates to Uniform HMO Benefit:** The proposed DoD regulation stipulates that the enrollment fees and co-payments for FY 1995 may be updated for subsequent years to the extent necessary to maintain compliance with the statutory requirement pertaining to government costs.

The Coalition strongly opposes this policy. We had received personal assurances from the Assistant Secretary of Defense for Health Affairs

that the proposed fee structure was based on inflation projections over the next five years and was designed to take these factors into account. Therefore, once established, these fees were to be fixed for the next five years. These assurances were provided to the Coalition and to the Joint Chiefs of Staff during the course of discussions on the health benefit option to allay fears that these enrollment fees and co-payments would keep changing year after year.

The purpose of initially inflating the fees and fixing them for five years is to stabilize the health benefit option and allow beneficiaries a chance to become comfortable with the new health care system. Fixing the fees would also allay any fears of a "bait and switch" -- like that associated with the dramatic increase in costs for enrollees in CHAMPUS Prime in California and Hawaii--where beneficiaries would enroll in the TRICARE Prime for one year and then find themselves paying much higher fees in subsequent years. It is difficult to imagine that enrollments would not decline, if these fees do in fact keep increasing year after year.

The Coalition recommends that the statute be changed to require DoD to establish inflation-adjusted, fixed-fees that would apply for the first five years TRICARE Prime is in effect.

- **Reduction of Catastrophic Payment Cap:** One of the selling points of Tricare Prime was that an enrollee would not need a supplemental policy. When a potential 20 percent cost-share for durable medical equipment, prostheses and supplies is considered, it is not certain that terminating supplemental policies would be a good risk.

The Coalition recommends that the retiree catastrophic cap be reduced to \$2,500 for enrollees in Tricare Prime to conform to similar caps for other HMOs.

THE "MEDICARE SUBVENTION" IMPERATIVE

As stated earlier, TRICARE "locks out" Medicare eligible retirees and their spouses. To rectify this gross injustice, the Coalition has advocated implementation of a reimbursement concept called "Medicare Subvention". Subvention means the Health Care Financing Administration (HCFA) would reimburse DoD for care provided to Medicare-eligible beneficiaries in military treatment facilities (MTFs) who enroll in TRICARE Prime. From a fiscal viewpoint, subvention will save money both for the government and the taxpayers. Equally important, it will preserve military medical readiness, and keep faith with military beneficiaries who accepted repeated government promises of lifetime health care in return for their decades of career military service.

Fiscal Considerations

In the past, Medicare has reaped an apparent windfall for every Medicare-eligible beneficiary treated in an MTF. DoD provided over \$1 billion in "space available" care in MTFs in 1993 to about 230,000 Medicare-eligible military retirees. Thus, DoD has been subsidizing the Medicare Trust Fund, even though these beneficiaries have paid payroll taxes to the Hospital Insurance (HI) Fund all through their years of government employment. Not surprisingly, HCFA has been concerned that should subvention be authorized, Medicare outlays would immediately increase.

In reality, Medicare costs are going to increase even more if subvention is not authorized. The fact is that Tricare Prime will turn thousands of Medicare-eligible retirees away from military health care and force them to use Medicare in the private sector. This is already happening as military bases and MTFs are closed or downsized. The trend will only accelerate as Tricare is implemented across the country. By the end of 1997, DoD will treat only a tiny

fraction of the Medicare-eligible retirees they see today. Subvention is a cost-effective alternative for addressing this phenomenon.

Subvention Ultimately Saves Money for the Government

There is ample empirical data to demonstrate that subvention would reduce the cost to the government, because DoD-provided health care would cost Medicare less than the same care provided in the private sector. To illustrate, a Medicare/military treatment facility pilot project, conducted at U.S. Naval Hospital, San Diego, between November 1988 and March 1990, demonstrated that the potential savings for HCFA are significant. Under this project, the Navy contracted with two private Medicare-certified physicians to perform inpatient and outpatient services at the military hospital for a negotiated fee. HCFA authorized the waiver of the Medicare co-payment and the Naval Hospital provided the facility at no cost to Medicare. Over the test period, 75 coronary artery bypass grafts were performed in the Naval Hospital at a conservatively estimated savings of \$17,000 per procedure, generating a total savings of \$1.3 million.

When such savings are possible, it is clear that maximum use should be made of MTFs. This is further supported by a 1990 GAO Study directed by the House Armed Services Committee. That report (GAO/HRD 90-131) concluded that DoD would reap substantial savings by adding staff and equipment at military hospitals to treat more patients rather than paying for their care under CHAMPUS.

Based on a review of six hospitals, GAO estimated savings ranging from \$18 million to \$21 million in CHAMPUS funds. If Medicare-eligible beneficiaries were included, the savings to the Government would have been substantially greater. Such potential savings were further substantiated in DoD's "Section 733 Study of the Military Medical Care System" released in May 1994, which found that care could be delivered 10 to 24 percent less expensively in military

treatment facilities. Thus, if MTF commanders were provided the wherewithal to compete with Medicare providers, they could expand the capability of their facilities, clinically challenge their providers, and better meet the needs of all DoD beneficiaries -- all the while saving Medicare money.

It seems to us that, if necessary, this Committee could lock-in these savings by stipulating in the law that the HCFA reimbursement to DoD will not exceed 90 percent of the amount Medicare would pay to a civilian Medicare HMO. This would be consistent with the recent 733 Study's conclusion that the minimum savings on health care delivery in an MTF would be 10 percent over civilian alternatives.

All the evidence clearly demonstrates that the current statutory constraints inhibit the system from operating at maximum efficiency. Such restrictions inhibit DoD's and HCFA's ability to cooperate in reducing government cost. It forces each into cost effective decisions that myopically subordinate the government interests to parochial budgetary considerations. Thus, in the absence of inter-agency coordination, DoD budget constraints force exclusion of Medicare-eligible retirees, even though that exclusion will increase overall costs to HCFA and the taxpayers. At this juncture, DoD has developed legislation, pending OMB clearance, which will permit MHSS facilities to receive Medicare reimbursement so they can compete with civilian sector Medicare "At Risk" HMOs. This precursor to subvention would facilitate maximum use of federal medical facilities and at the same time reduce the Government's outlays for health care.

Retention And Readiness Concerns

While the cost issue is extremely significant, there is yet another reason why exclusion of retired personnel from the military health care system undermines the government's long-term interests. That

reason is that such actions undermine the very purpose of the Department of Defense -- to ensure the Nation's military forces are prepared and ready to defend the National interest, by force if necessary.

A crucial aspect of this issue is personnel readiness, which is totally dependent on sustaining strong incentives for high quality personnel to continue to serve full military careers comprising 20 to 30 years of arduous service and sacrifice. Well-documented historical "offers of lifetime health care benefits" -- some of which were referenced earlier in this statement -- were one of the primary incentives that induced many current retired members to serve military careers that often spanned two or three wars. Now, they are understandably shaken at the prospect of being "*Locked-out*" of the military health care system. Finding themselves left with no coverage but Medicare -- at a time when the government seems bent on drastic reductions in Medicare benefits -- causes many to be understandably bitter at being treated as if their decades of service and *America's Contract With Service members* have no redeeming value. Such sentiments bode extremely ill for long-term retention and readiness.

Any employer dependent on internal promotion for its mid-level and senior management must keep the promises it makes to its employees. Such credibility is doubly important when the employer is the United States government, and the employees are military members whose conditions of service include extended family separations, forfeiture of many personal liberties and repeated hazards to life and limb. To induce members to serve 20 or 30 years under such conditions, the government must offer -- and has offered -- an exceptionally attractive package of institutional supports, not the least of which was health care life. The prospect now is that, after the members have been induced to serve, and after they have attained an age when their medical benefits have assumed major importance in their lives, they are to be closed out of the military

health care system and left with no employer provided health benefits at all, just Medicare.

Mr. Chairman, General Motors subsidizes supplemental health care for its Medicare-eligible retired employees. The Federal government provides supplemental coverage to Medicare under the Federal Employees Health Benefits Program to every Federal civilian employee. Supplemental coverage is provided to Medicare-eligible retired Members of Congress and their families. Supplemental coverage is provided to retired Congressional staffers and their families. Yet, implementation of the Tricare system under current law denies any such "employer-provided" health care benefits to those 65 and older who fought their country's battles -- or to the survivors of those who died in the Nation's defense while believing that the government would keep its promises in this matter.

The treatment of today's retirees will not be lost on today's active duty military members. Unless Congressional and Government leaders meet their commitments and responsibilities for today's retirees, military commanders' retention promises to the current force will ring hollow. The incentives to endure the well-known sacrifices inherent in a military career will be significantly diminished, and retention and readiness will inevitably suffer.

There is one final, but critical readiness consideration which deserves comment. **Providing Medicare eligibles access to the military health care system will also help ensure we maintain a military medical force that will be prepared for any operational contingency.** To be prepared to accomplish DoD's wartime and contingency missions, medical personnel must be recruited, trained and retained. Their retention is contingent on professional advancement which means they must see and treat a wide range of patients and with a broad spectrum of medical problems. Medicare-eligible retirees provide that clinical experience. By having well-trained, quality physicians and allied health care providers, the

medical community is better able to respond to any military contingency operation or wartime deployment which this nation may face in this very unstable world. Military deployments to Haiti, Somalia and Bosnia are excellent examples of how treating a wide range of clinical conditions prepares military medical personnel for military contingencies.

The Coalition's Position

Mr. Chairman, the Nation has an obligation to do better. It has an obligation not only to those who have already served, but also to those who are now serving, and to the current and future generations of Americans who require a strong national defense to preserve them from the continuing threats of a dangerous world. This is a matter not only of keeping promises and doing the right thing by those who have served; it is a matter of acting in the national interest.

We are convinced that military medical readiness will suffer if Medicare-eligible retirees and their spouses are denied access to care in the military health system. The system must attract, train and retain physicians and other health care personnel if it is going to be a capable and viable national resource for the defense of this great country. Medicare subvention will provide that institutional foundation which is needed to meet any contingency operation and will insure that military retirees will have the freedom of choice in health care they have earned and deserve.

Unless dramatic changes are forthcoming, Medicare-eligibles' access to health care providers will be so restricted as to deny them access to care when they increasingly need it. The use of Medicare "risk contracts" to provide health care services on a capitated basis, as now used by HCFA, has great potential, if similar risks were assumed by DoD. The bottom line is that subvention will save money for everyone -- Medicare, DoD, patients and taxpayers.

The Coalition strongly recommends that this committee favorably report the subvention provisions contained in H.R. 580.

The Coalition would like to offer its perspective on alternative approaches to meet the health care needs of older military beneficiaries if Medicare subvention is politically unachievable at this time. Making CHAMPUS second payer to Medicare deserves serious consideration. The marginal cost could be significantly less costly to the government and would also provide an outpatient pharmacy benefit that is valued by older retirees.

The Coalition strongly recommends that Congress consider implementing a demonstration program for CHAMPUS as Second payer to Medicare around base closure sites.

On the other hand, if access to MTFs is going to be denied to retired beneficiaries, the Coalition strongly prefers that all beneficiaries be given the option of retaining CHAMPUS for life (second-payer to Medicare).

Finally, if the size of the MHSS is going to be reduced by 50 percent or so as some have suggested, consideration should be given to expanding the Federal Employees Health Benefit Plan (FEHBP) to all military beneficiaries on a *voluntary* basis. The Coalition would not support FEHBP as an alternative if it were to be offered as a replacement for CHAMPUS. Further, the cost of the FEHBP alternative may prove to be greater than making CHAMPUS second payer to Medicare. On the surface, it seems that, after the "must pay" cost of readiness is excluded, the cost to the government and the member would be far greater for an FEHBP alternative where payments are paid up front on a capitated basis than what CHAMPUS pays for care at the time it is received.

Before closing there is one other issue that needs addressing. Although Section 706 of the Defense Authorization Act for 1995

directed DoD to expand eligibility for the retail pharmacy network program and mail service pharmacy program to all Medicare-eligible beneficiaries who can demonstrate to the satisfaction of DoD that they relied upon a military medical treatment facility prior to its closure for his or her pharmaceuticals, such guidelines have not been published to date. The Coalition believes the delays in publishing implementing guidelines is a breach of faith with beneficiaries. We believe DoD should establish a timetable for publishing the guidelines for pharmacy services for Medicare-eligible military beneficiaries who reside in base closure areas. We have received many questions from these individuals who have heard of this provision and want to know what kind of evidence they will need to provide to DoD to be eligible for this base closure benefit. To address these concerns, the Coalition believes the directive should clearly identify what kind of proof will be required in cases where a base has already closed.

CLOSING

Mr. Chairman, thank you for allowing us the opportunity to present the views of The Military Coalition on this very important issue. We are prepared to answer any questions that you or any other members of the Committee might have at this time.

Mr. DORNAN. Good. Mr. Pickett, would you like to start the questioning, sir?

Mr. PICKETT. Thank you, Mr. Chairman. I think one of the topics that I have heard as much about as anything since I have been a Member of the House has been this issue of retired military members over age 65 having to be in the Medicare Program as opposed to being able to go to military treatment facilities to get their health care.

I wasn't around when that decision was made. I don't even know when it was made. Mr. Singer, can you maybe tell us a history on why that was done? If Medicare didn't intend to pay for all of their care, why did they take on that responsibility?

Mr. SINGER. I think the quick answer is no, I can't.

Military personnel have been covered under Medicare I think for as long as Medicare has been around. That is, it is a part of Social Security coverage. They have been covered under Social Security since 1956.

Mr. SKELTON. 1957.

Mr. SINGER. 1957; thank you.

My recollection is that Medicare postdated that.

Mr. PICKETT. Didn't the military precede the Social Security and Medicare Program? As I recall, it goes on back to when the Constitution was adopted back in 1787.

Mr. SINGER. I'm sorry. I was simply referring to the fact that the military people have earned an entitlement to Medicare coverage from the beginning of the Medicare Program.

Mr. PICKETT. There was some point at which the military retirees over age 65 were required to become members of the Medicare Program.

Mr. SINGER. I think my answer is that they have always had the entitlement to use Medicare.

Mr. PICKETT. They don't see it as an entitlement. They prefer that it go away, quite frankly. They would rather go to the military treatment facilities.

Mr. SINGER. My point is only that they have paid for it as a part of their Social Security coverage. I think maybe what you are getting at is a slightly different point. That many of them are driven to use it by DOD's inability to provide them with access to care in the MTF's.

When I said I couldn't provide you with an history, I can't provide you with an history of when that policy developed. That, I'm afraid, is a question that you might want to put to the second panel, unless Mr. Baine or Colonel Partridge has some information on it.

Mr. BAINE. Mr. Pickett, as I recall correctly, the CHAMPUS Program was set up in 1956. Then it was enhanced in 1966 about the same time Medicare came onboard. The CHAMPUS Program, I believe, was set up as a supplement to care at military facilities. That was the theory. Medicare then, for folks 65 and over, would be covered by Medicare.

I believe that's the history of it because both programs came on-line about the same time. I think that's the short answer to how this got that way.

Mr. PICKETT. I didn't want to get off on the wrong track. The next question I have has to do with the TRICARE Program specifically. I have heard the comments that you have, Mr. Baine and Mr. Singer, about the operational characteristics of TRICARE.

I know the dismal prospects that you see for the program. Why is it that TRICARE is going to be any more difficult to operate as a Managed Health Care Program than any other Managed Health Care Program?

Mr. BAINE. I, personally, Mr. Pickett, don't believe it is going to be any more difficult than a normal Managed Health Care Program. I had hoped that our testimony would be interpreted to mean that, although there are some challenges facing the program and there are some administrative problems to be overcome, that it is fairly early in the program's life now and that DOD needs a chance to overcome these issues.

This is one of the things that we have been working with Dr. Joseph and Dr. Martin, over in the health affairs shop, for 2 or 3 years. I think when the CHAMPUS Reform Initiative came online there were some big, big problems. The Department kind of worked through those problems.

Now that TRICARE has come online, there are some big, big problems. I think the Department is committed and has the wherewithal to overcome some of those problems. I had hoped that is the way our testimony would have been interpreted, sir.

Mr. PICKETT. Well, I took the reference to the fact that it would be less expensive to put some of the beneficiary population under the FEHB Program as indicating that there was a question in someone's mind about the ability of the Department to economically operate the TRICARE Program. Did I misinterpret something?

Mr. SINGER. No, sir; I think that interpretation is consistent with a lot of things that were in our testimony. The point that I think I was trying to get at is that while in principal, it shouldn't be any more difficult to manage care for military personnel than for any other population, there are some specific aspects of TRICARE and the military care system that complicate things.

For example, there is the fact that some care is provided in MTF's with one set of benefits. Care that is not available to people in those facilities is offered in somewhat less advantageous terms to them in civilian facilities. People have preferences for one over the other largely based upon cost to them.

Second, there is the fact that the management controls that typically are a part of an effective managed care program are weakened in DOD because of some institutional reasons having to do with the triad service nature of the system and the fact that the lead agents' authority runs only so far, as I indicated in my statement. If it were to run farther and give the lead agents the ability to allocate resources and manage care over a broader population and over a broader range of services, services to a larger population, then it might be possible to do better in terms of achieving some of these managed care savings that will probably not be available because of the segmentation of the system.

The third point that I think needs to be made here refers to the ghost population. Here, you cannot plan efficiently if it doesn't

know how many people it is going to have to care for. How many people it has to care for is determined in large part by the ability that it has to bring people into the MTF's where there is a substantial incentive for them to want to go based upon the benefit structure of TRICARE Prime.

DOD's own analysis has concluded that when it brings people back into the direct care facility, direct care system rather, it induces more care to be provided to them. They request more care than they would have requested in the civilian sector. That drives up total costs.

A part of this is related to the ghost problem. A part of it is related to the incentives for use of care within the military's facilities themselves. I am sorry to give you such a long and cumbersome answer.

The point of it is that the military system is different as it is now structured. Because it is different, it does present greater difficulties in implementing managed care than is true in most civilian environments.

Mr. PICKETT. There is a certain underlying uniqueness that will always be there in the military health care system. I hope no one has an idea of trying to do away with that. I just don't think that's possible. I don't think it is in the best interest of our military.

Mr. SINGER. No, in fact, maybe I should make one more point related to that. What seems unique and particular about the military health care system is its wartime mission, not its peacetime one.

Much of the discussion about TRICARE versus alternatives might turn on the question of how best to meet the wartime mission. That is not a subject for this hearing. It is a subject for the next one.

Mr. PICKETT. Yes, it is true. I think that common sense tells a lot of us that you can't have a wartime mission without also having some peacetime capability.

Mr. SINGER. I wouldn't differ with that. As I said, I prefer to wait until Thursday for a fuller discussion of the issue.

Mr. PICKETT. The final question, Mr. Chairman. I am sorry I seem to be rambling a little bit here in the focus of my inquiry, but is there any reason why the military can't operate a managed care health system just as effectively and just as well as a private sector organization? Mr. Baine.

Mr. BAINE. I don't believe there is a reason why they cannot operate just as effectively. There are some unique aspects to the TRICARE Program. Some of them are militarily unique. There are some issues that need to be addressed.

In the final analysis, I believe that DOD can operate its managed care program in a way similar to the private sector, in many ways. We have talked to a fair number of folks around the country who believe DOD is out front in many aspects of this managed care business because it has got a large system.

It is dealing with a whole lot of complex problems. They have sort of taken them one by one and tried to overcome them. So, the answer to your question is, I believe they can in fact operate a managed care program.

Mr. PICKETT. How about you, Mr. Singer, do you want to make a response on that?

Mr. SINGER. I think that in principle there is no reason whatsoever why they can't do it. Indeed, a number of the suggestions that are made in our prepared statement are designed to improve DOD's ability to operate TRICARE to just that end.

Mr. PICKETT. Colonel Partridge, I don't want to cut you out of this, but I think that is an unfair question maybe to ask you.

Colonel PARTRIDGE. If you would like an answer, I would be glad to give one. We believe they can, too. The military medical system has served us well in a lot of ways. We believe it can be designed to work inexpensively and it will also provide wartime readiness because it will provide a group of elderly people to provide the pathology they need for wartime readiness.

Mr. PICKETT. Thank you, Mr. Chairman. Thank you, gentlemen.

Mr. DORNAN. Mr. Skelton.

Mr. SKELTON. Thank you, Mr. Chairman.

Mr. SINGER, it is good to see you again. Thank you for all of the excellent help you have given us in the past. We want you to know we appreciate it.

Mr. SINGER. Thank you very much.

Mr. SKELTON. What about my 67-year-old retired master sergeant living near a military base that closes and now he has to drive 400 miles to get the same care and treatment for himself and for his wife that he got last week by driving three blocks from home? What is he going to do?

Mr. SINGER. I bit off that question, so I may as well see if I can chew it. I think there are basically two answers. One is that Congress can direct DOD and fund it to keep its facilities open and provide the care that he has been receiving ever since he located in that vicinity.

Alternatively, the Congress and DOD can provide him with access to alternative care at no additional cost compared to what he was paying at the MTF's. The extent of the downsizing that has already occurred I think indicates just how hard it would be to do the former, or at least how expensive. We are probably not at the end in terms of the extent to which the force structure has been drawn down out of proportion, in larger proportion, than a lot of the support establishment.

That sort of imbalance, if it results in further downsizing of medical direct-care facilities, is going to exacerbate this problem. In that case, I think the course to consider for this 67-year-old master sergeant is to figure out what the best way is to give him no cost access or no additional cost access to care in civilian facilities; whether that be through a CHAMPUS supplemental, or wrap-around coverage, or through some access to FEHB policies, paying his Medicare part B.

If he has not elected to participate because he had the MTF right next door to him, pay the penalties associated with his joining it now after the lapse of these years. In other words, hold him harmless, but look for a way to do so that will still permit DOD to manage its medical programs in an efficient fashion.

Mr. SKELTON. Thank you.

Mr. DORNAN. Thank you, Mr. Skelton.

Mr. Thornberry of Texas.

Mr. THORNBERRY. Thank you, Mr. Chairman.

Mr. Singer, it is of high interest to me in your testimony where you say that perhaps 60 percent of the population of users, basically the active duty folks, are going to be better off. And the retirees, their dependents, and survivors who will make up the remainder of the users, are going to find their cost higher and their access more limited.

First, it seems to me it is the retirees who are generally older, of course, and need more health care. Second, from what I am hearing from folks in my district, it is some of the same problem Mr. Skelton talked about in that the retirees, even if they still live near a military facility can't get in because of the closings and because personnel had been deployed to Haiti and elsewhere.

That is something that concerns me and my constituents very much. I wanted to ask Mr. Baine, do you agree with the assessment that under TRICARE retirees are going to be worse off?

Mr. BAINE. I think it is entirely possible that they will be, sir, because once the TRICARE Prime option plays out and people who are enrolled in TRICARE Prime begin to use the MTF, that will reduce the access for retirees in the military facilities.

Mr. THORNBERRY. If the access is already limited because of closings nearby and lack of military personnel, that is going to just put it completely out of their reach. Would you agree?

Mr. BAINE. In some areas of the country, I believe that is the case.

Mr. THORNBERRY. Mr. Singer, you may have addressed this somewhat in responding to Mr. Skelton's question, but is there a way to modify TRICARE to meet the particular needs of retirees? Can this system be changed to give them more access?

Mr. SINGER. Well, it can be changed to give them better access to health care. It may be difficult to change it to give them better access to military facilities because of the points that we have already talked about.

Mr. THORNBERRY. Let me ask on something that you mentioned in particular. I understand the budgetary scoring points you made on Medicare subvention. What about its effect? Does that help open up doors that are closed now for military retirees?

Mr. SINGER. I'm sorry, sir. I don't follow the question.

Mr. THORNBERRY. For Medicare subvention you talked about how that affects us as far as budgeting goes. I want to know what your opinion is on how it affects people out there in the real world.

Mr. SINGER. You mean were it to be enacted?

Mr. THORNBERRY. Were it to be enacted.

Mr. SINGER. It kind of depends on what DOD would do with the money. If, in fact, DOD took the \$2 billion or whatever it is that Medicare were to pay for DOD's care of these eligibles, and DOD then used the money to increase its provision of care, then that would of course work to the benefit of the population, of the retiree population.

That is an issue that, as they say, will be decided far above my pay grade whether it is to be used for additional medical programs or for other defense programs or conceivably for non-defense programs. They would all be scored equally and would be equally allowable under the caps.

Mr. THORNBERRY. I think you said, that is what, \$2 billion?

Mr. SINGER. Our estimate of one of the bills that was introduced last year was that by the year 2000, I believe it was, based on projected patient loads and so, and medical cost inflation, the annual payment could approach \$2.7 billion.

Mr. THORNBERRY. As I understand your testimony, you are in the middle of a study now as far as what would happen if we put some of these folks under the Federal Employee System.

Mr. SINGER. Yes, sir. That's one of the options that we are looking at. I am sorry that we don't have detailed costing for you at this point.

Mr. THORNBERRY. When do you expect that study to be completed?

Mr. SINGER. Well, we are shooting for June.

Mr. THORNBERRY. What are the other options you are looking at in that study?

Mr. SINGER. We will discuss the kinds of improvements or modifications, to me they seem like improvements, in TRICARE that I briefly touched on in the testimony today. I was interested that Mr. Montgomery in his opening comments raised the possibility of integrating the veterans' hospitals more closely with DOD. We discussed informally that kind of option and then did not decide to pursue it because it seemed at the time not to be the sort of thing that would be a real policy option for the committee's interest. That would be another issue.

I noticed in the paper today there was an article about veterans' hospitals in which the extent of overcapacity in those hospitals was mentioned. It suggests there is a fair amount of additional capacity that could be used to provide care. The trick is how to get to it; how to tap it.

Mr. THORNBERRY. Thank you, Mr. Chairman.

Mr. SINGER. I look forward to your study, hopefully, before too long.

Mr. SINGER. Thank you. I hope so too.

Mr. DORNAN. Mr. Watts is my vice chairman here. Would you relieve me for a few minutes? Come up here and ask your questions, since you are up next, from this lofty position up here in this distinguished chamber.

Mr. WATTS [presiding]. Thank you, Mr. Chairman.

Any one of the panelists can answer my question. Thank you for being here today to discuss this important issue. Health care is certainly a quality of life concern to all.

In fact, I seem to recall Dr. Perry previously sitting before this committee and saying, we recruit individuals, but we retain families.

My question to you is, how does CHAMPUS adjust its allowable cost for medical treatment throughout this country so that a military family in a high cost-of-living area can receive health care without being subjected to unreasonable out of pocket costs?

Mr. BAINE. I will try to take a shot at that one, Mr. Congressman. CHAMPUS pays for inpatient care on a modified DRG basis. Do you understand what that is? It is roughly similar to the way Medicare pays, but it is adjusted in some instances for some specific categories of services.

For most of the outpatient care, I believe they pay either on the basis of a fee schedule or bill charges. Traditionally and historically the fact that CHAMPUS paid on the basis of bill charges was a problem not only—it became a cost problem. In fact, it was one of the principal drivers to get DOD into a managed care mode.

Mr. WATTS. You said that it was paid on a fee schedule?

Mr. BAINE. Some of the services are paid on a fee schedule and some of the services are paid on the basis of the physicians' bill charges, I believe, and that tends to adjust for high cost areas.

Mr. WATTS. I see.

Mr. Buyer, you are recognized.

Mr. BUYER. Mr. Tiahrt.

Mr. WATTS. Mr. Tiahrt.

Mr. TIAHRT. Thank you.

One of the common complaints that I get in my area which is south central Kansas is we have a VA hospital that for some reason doesn't show up on the report. I suppose there is a reason for that. The complaint is that at the facility, people who get treatment are physically moved out into the regular medical community for Medicare purposes until their benefits run out and then they are welcomed back into the VA.

I don't know if this is a common practice or if it only happened a few times. I have heard the complaint twice, but it was from family members who are also military. That was one of the things that we were wrestling with, why that happened.

Is TRICARE going to have a similar problem with Medicare subvention as we are having now? Is there a way to overcome this type of problem?

Mr. BAINE. Congressman, are you referring to a veterans' hospital in your state?

Mr. TIAHRT. In Wichita, KS, yes.

Mr. BAINE. The veterans' hospital system is a bit different. They are not going to TRICARE. They are trying to go to a managed care, a quasi-managed care system also, but they don't have anything that is analogous to the military's TRICARE system.

By the way, the reason that hospital didn't appear in your report is because these are military hospitals, not VA hospitals, sir.

Mr. TIAHRT. OK. I understand now. I was a little worried about it maybe being on the closure list.

Mr. BAINE. No. Had we put them all on there, yours would have been there.

Mr. TIAHRT. I am having a little trouble discovering some of these things that have gone past me as a freshman Congressman. Now, I'm trying to catch up. I am glad this is not one of them.

I heard testimony from Mr. Singer about deductibles, copayments and capitation as a part of the provisions of TRICARE. That really sounds like managed care. You are really trying to move to a managed care system.

If I were to go back to my constituents and say here is why I don't think we should privatize TRICARE, what would I tell them?

Mr. SINGER. Well, the copayments under TRICARE are going to be for care rendered in the civilian sector, not in the military facilities, with a possible exception of retirees who are able to enroll in prime and receive care in MTF's.

They may at some future date, I think, have co-payments charged against them. I believe at this point, there are no copayments scheduled for care in military facilities. I guess the answer then is that for care received from private providers, civilian providers, TRICARE Prime, in fact, probably all of TRICARE, will operate very much like a private sector health care plan.

As I understand the way DOD intends to operate it for people who are not able to be treated in military facilities, they will receive care from civilian providers initially by seeing a primary care physician. Then to the extent that further procedures are necessary, by being referred by the primary care physician just as in any civilian HMO program.

Then they will pay the same kinds of copayments that they would pay in a civilian HMO, except, of course, the numbers may be different.

Mr. TIAHRT. What is the schedule for implementation of TRICARE? When will it go online fully?

Mr. SINGER. I believe DOD's plan is to have it fully implemented by 1997; 3 years from now.

Mr. TIAHRT. Thank you, Mr. Chairman, pro tem.

Mr. WATTS. Mr. Hastings.

Mr. HASTINGS. Thank you, Mr. Chairman.

Mr. Baine, in your written testimony, you talk about health care contracting out. You let one contract and that was in the area of Washington and Oregon. Your criticism of that was the procedure of the process of contracting out.

Did I read that correctly in your written testimony?

Mr. BAINE. I believe we said both in the report and in the testimony that the contracting process has been very cumbersome. It is very complex. It has been a source of frustration to potential bidders, no question about that, sir.

Nearly all of the awards that DOD has made under this program have been protested by one prospective contractor or another. The one for California and Hawaii that was awarded, protested, GAO upheld the protest and from that flowed a series of changes which I can detail for you for the record, if you would like.

The whole contracting process is evolving. The thing to keep in mind about the contracting process, sir, I think is that these are very costly contracts. There is a lot to be won and a lot to be lost.

The people who bid on the contracts spend a lot of money putting together their proposals. If they do not win, they generally protest the award to GAO on some basis.

Mr. HASTINGS. Let's talk a bit about the winner then. What sort of services is the winner in this particular case delivering? You don't make mention of that, at least in your testimony here. Are they delivering services that the recipients like? Are they fulfilling what they said they were going to do in a cost-effective manner?

Mr. BAINE. The one in Washington and in Oregon, sir? As I understand it, DOD and the contractor have just begun the enrollment process in TRICARE Prime for Washington and Oregon. I believe they started the first of this month.

We were informed this morning that they have enrolled approximately 12-15 percent of the eligible CHAMPUS population. I think

it is really too early to tell in terms of the actual services that are being delivered because I don't think those have come on line.

Mr. HASTINGS. The only observation I would make then on that is to suggest though that the process of contracting out is a reason not to look at the private sector is missing the point, too, it would seem to me.

Mr. BAINE. I understand.

Mr. HASTINGS. A couple of other questions, too, for all of you. The first one is I understand that previous military health care plans have not imposed an enrollment fee before. What is the rationale for a fee under this system that you are talking about?

Mr. SINGER. That question might best be put to the panel that follows us. I think certainly one rationale for it is budgetary. There is the requirement that the TRICARE Program, as a whole, be budget neutral and the TRICARE Prime by itself also be budget neutral.

I know that DOD had under consideration a number of alternative benefit structures and structures of fees to try to live within those requirements, as well as within their need to provide care and to do all of the other things they want to do with TRICARE. I think this is just the one they came out with.

Mr. BAINE. Mr. Hastings, I believe Neil is right. The benefit design under TRICARE was developed under a specific provision that this program be budget neutral. I think that is what drove the imposition of some enrollment fees. The Congress required DOD to make this budget neutral. This was their attempt to do that.

Mr. SINGER. Mr. Hastings, if I can elaborate for just a second. In my oral statement, and I think in the written one as well, there is the point of whether the Congress ought to consider withdrawing the requirement for budget neutrality for TRICARE Prime.

Let me explain. Briefly, the only reason that I included that was because our analysis indicates that requirement will make it very difficult for DOD to provide TRICARE Prime benefits outside catchment areas where it is going to have to create or deal with networks and private health care providers.

It is likely to face higher costs. That is going to make the budget neutrality harder to achieve. In suggesting that the Congress think about whether it wanted to withdraw that requirement, it was not our suggestion that TRICARE should be permitted to cost more than the present system. Rather that DOD be given some flexibility to lay off costs in one part of the program against savings in another.

Mr. HASTINGS. Colonel Partridge.

Colonel PARTRIDGE. Yes, sir. Our understanding is that it was designed because there was a certain amount of money. In order to reduce the copays, it would be required to increase the enrollment fee which was levied only on the retirees. So, that's our understanding of why it was done.

Mr. HASTINGS. The enrollment fees are only on the retirees and not on the rest?

Colonel PARTRIDGE. Yes, sir.

Mr. HASTINGS. That's a departure from the norm, too; isn't it?

Colonel PARTRIDGE. That's right. It makes the program discriminatory. The Military Coalition has mixed views on that though. Of

course, the associations in the coalition that represent the active duty force don't want to see enrollment fees put on the active force. Those who represent the retirees feel that it is very inconvenient to shift the cost to the retirees.

Mr. HASTINGS. Thank you. Thank you, Mr. Chairman.

Mr. DORNAN [presiding]. Ms. DeLauro.

Ms. DELAURO. Thank you very much, Mr. Chairman.

Mr. Singer, a question. Roughly about 40 percent of military Medicare beneficiaries do not live within 40 miles of a military treatment facility.

What, in your view, are the consequences of this? Will DOD be able to offer all three options available under TRICARE in all of the areas? Especially, will the Prime option be available everywhere?

Mr. SINGER. This was the point that I was just addressing with Mr. Hastings. I think that it will be difficult for DOD to offer Prime outside catchment areas. It will cost them more and it will run afoul of the budget neutrality for prime. Beyond that, their ability to offer Prime will depend upon the existence or the maturity, if you will, of the managed care networks in different parts of the country.

There are some regions where managed care is very well developed. There are others where it is not. How well the Department can offer programs in these areas will depend on the local circumstances.

I think, by the way, that would be true under alternative ways of providing care as well. For example, if an FEHB program were in place, my guess is that there would be some FEHB plans that would not be available in all parts of the country; although, it is clear there are many that are.

Ms. DELAURO. Let me just ask a couple of follow-on questions if I can of both yourself and Mr. Baine.

Could you both outline the kinds of pros and cons—because you mentioned the VA hospitals earlier. I wasn't here for my colleague, Mr. Montgomery's comments in this area, but what about the use of the VA hospitals to supplement the military care network?

Where there isn't a military facility what, in your view and Mr. Baine's view, are the pros and cons of that kind of an approach?

Mr. BAINE. It is my understanding, ma'am, that the TRICARE Program the way it has been proposed in regulation provides for the option for lead agents to include the veterans' hospitals in the networks. It is going to be up to the people who are running the regional structures as to whether to include the VA hospitals or not.

Ms. DELAURO. Do you think that is a good idea? What is your sense? What do you think?

Mr. BAINE. My sense is that if the veteran's system is going to be as it is, then it should be used to the fullest capacity possible.

The other point I was going to try to make or I think should be made is, that many of the military beneficiaries are also eligible for care in VA hospitals. So you have a dual eligibility thing which to some extent could or might ameliorate the problem that the retirees are having, if in fact the VA hospitals were included in the network.

Ms. DELAURO. Mr. Singer, I don't know if you had any comments.

Mr. SINGER. No.

Ms. DELAURO. Let me just ask if, in your view, the TRICARE system is the most effective way to provide DOD health care? One suggested alternative has been the use of the Federal Employees' Health Benefits Program instead. What is your response to that?

Mr. SINGER. That issue is the one that we are currently studying at the committee's request. The first cut numbers that we have run are very preliminary. I prefer really, to be honest with you; I don't want to answer this question now, but I will anyway.

The first cut numbers as I said in the testimony indicate that if DOD were to downsize its facilities to a wartime requirement, it could save more money than it would cost to provide similar or equivalent care to peacetime beneficiaries, dependents, and retirees through FEHB by a significant margin.

The number in my testimony is \$1 billion. I definitely want to suspend your belief in that number. Please, let us do the full costing and come back to you in June.

Ms. DELAURO. OK; thank you very much. Thank you, Mr. Chairman.

Mr. DORNAN. Mr. Buyer.

Mr. BUYER. I thank you gentlemen for your testimony today. I am going to reserve some judgment. I am anxious for the hearing that we are going to have on Thursday. I got several letters here in front of me from constituents. They get to be very difficult to answer. They are difficult to even pass a straight face test.

Ike Skelton used the example of the master sergeant. One of these happens to be a lieutenant colonel. It is amazing when you look at their war records, and then you have to turn back and say, sorry, even though you are within 40 miles, you have the wrong zip code. Try to explain this with a straight face.

It is because your zip code puts you outside of the catchment area, and you are not qualified. This is not easy stuff. I guess this is one of the things that bothers us; it takes this to a completely different plane.

There are some unique qualities about our society. We call it equality. We call equity. We call it justice. I don't care if we are talking about the health care system or the judicial system. All of those are cultural values. We are designing a system that has built-in inequities. That's what we have here.

It has discriminatory practices. We come up with substantive language to explain it. We can do it here in Washington. We can have wonks talk with wonks and experts talk with experts, but go out there and explain it to the gentleman that, because your zip code is wrong, it is going to cost you more out of your pocket. And by the way, thank you for your service to the country.

I'm just sharing this with you. I am going to reserve some judgment here. I can't wait to get into this on Thursday. I know there are some inward pressures and they have been there for years on reduction of the size of the military health care delivery system and where we can save money.

First of all, let's recognize that what the military health care delivery system does, they do very well in comparison to the private

sector. Dr. Joseph, you are doing a good job. I will tell you, you catch my attention when you talk about downsizing. Are we going to be able to downsize to what level and still meet particular war requirements? Then, what is its impact going to be on TRICARE?

We are going to have to have a pretty good balance test here. Otherwise, we are going to find ourselves in deep kimchee. I don't think kimchee smells good, let alone do I want to be in it. I just threw some of those things out there because they are very real concerns.

That's how I am going to be looking at this issue. There are real people at the end of these decisions that we make. I look forward to Thursday. Thank you, Mr. Chairman.

Mr. DORNAN. You bet. Mr. Mike Ward.

Mr. WARD. I have no specific questions. I appreciate you all taking the time to update us on this. I am here because, obviously, this is a very important issue that will continue to face us in the future. I appreciate you all taking the time. Thank you.

Mr. DORNAN. Thank you. I have such a good subcommittee here, that I have no questions, except a curiosity one for Colonel Partridge. On your military coalition list, I have got a bad Xerox here, is that the Public Health Service at the top? What is that one with the caduceus cross with the anchor on the top of your statement cover sheet?

Colonel PARTRIDGE. That is probably the Public Health Service. They are one of the services that we represent.

Mr. DORNAN. Good. To the left of that, the eagle and the globe? It is not the Marine Corps. It is next to the last one.

Colonel PARTRIDGE. Let's see, the next to the last one. I believe that is—are you looking going from left to right?

Mr. DORNAN. Right to left.

Colonel PARTRIDGE. Right to left; OK, the second one, I believe, that's the National Oceanic and Atmospheric Administration.

Mr. DORNAN. It is. I recognize it now, NOAA.

Gentlemen, is there anybody on the panel who wants to make any cleanup statements here to cross any t's or dot any i's? Mr. Baine.

Mr. BAINE. Just one quick one. I would just like to correct for the record; Congressman Watts asked about outpatient reimbursement under CHAMPUS, what the reimbursement fees were. I believe I told him these were on the basis of billed charges. I was in error.

In the last 2 or 3 years, I believe, CHAMPUS has gone to a reimbursement system based on something similar also to Medicare called RBRVS. I hope you don't ask me what that is. It is a rate structure that has in it a characteristic to account for high- and low-cost areas.

Mr. DORNAN. Good. Lieutenant Commander Torsch, did you want to call in a play to Colonel Partridge before we wrap it up?

Commander TORSCH. No, sir.

Mr. DORNAN. All right. Thank you.

Colonel PARTRIDGE. Sir, I would like to add one item on the mail-order pharmacy.

Mr. DORNAN. Please.

Colonel PARTRIDGE. The mail-order pharmacy was designed to help alleviate the problem at BRAC sites and other sites for the

closure of military hospitals and the closure of the pharmacies. Military retirees over the age of 65 may not use the mail-order pharmacy except around BRAC sites. The rule for that has not been published yet.

We would like to see the mail-order pharmacy and the discount pharmacy around these BRAC sites expanded. It relates to what Mr. Buyer was talking about; expanded and made accessible.

Mr. DORNAN. We are certainly going to look at that. Using Mr. Buyer's phrase, in the interest of fairness. Yes, Mr. Singer?

Mr. SINGER. Mr. Chairman, if I can offer one comment. I think that I can claim membership in the wonk club, to use Mr. Buyer's term. From the perspective of a wonk, may I say that I much appreciate the thoughtfulness and tenor of the questions that we have been asked today.

I hope that our answers were sufficiently responsive. I think that the approach that members of the committee are taking to this indicates, I think, a full awareness of just how difficult and complicated a subject this is. We have no easy answers out here in "wonkdom." To the extent that we can help you work through it, we will be happy to do that. Thank you.

Mr. DORNAN. All right, thank you. In "wonkdom" or "wonkdomania" the whole Nation got scared in trying to do this on a national level with one-seventh of our gross domestic product. Everybody is looking for answers, but everybody is sufficiently intimidated. Thank you, gentlemen; excellent panel and a lot of good information.

I would now like to introduce our second panel, the people responsible for ensuring that TRICARE lives up to its promises. Let me welcome again in just a few weeks, the Honorable Stephen Joseph, M.D., Assistant Secretary of Defense for Health Affairs.

On his left side, Maj. Gen. James Peake, lead agent for the first TRICARE region 11 to implement the program. General Peake is also the commander of the Army's Madigan Medical Center in the beautiful State of Washington.

I would also like to recognize the three service Surgeons General who are backing up Dr. Joseph, accompanying him. They will be available for questions, my committee members should be aware. Lt. Gen. Alcide LaNoue, U.S. Army; Vice Adm. Donald Hagen, U.S. Navy; and Lt. Gen. Edgar Anderson, Jr., U.S. Air Force, fighter pilot supreme, including the Hawka Hunter. Dr. Joseph, please begin.

STATEMENT OF HON. STEPHEN JOSEPH, M.D., M.P.H., ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

Dr. JOSEPH. Mr. Chairman and distinguished members of the committee. I am, as always, pleased to be here today along with my colleagues. With your permission, I would insert my long written statement into the record and summarize in providing an overview of the military health services system, our transformation to managed care.

I want to address our requirements as presented in the President's fiscal year 1996 budget and then go into some detail about the status of TRICARE implementation. The medical portion of the President's Defense budget is almost \$15.5 billion. It will afford us

the resources to ensure that health care continues to be a successful contribution to the quality of life in the military.

Almost \$10 billion of that is requested for the Defense health program for world-wide medical and dental services. Also included are \$3.8 billion in costs associated with CHAMPUS and for military medical personnel, almost \$5 billion, and for medical construction in this year, \$314 million.

Our fiscal year 1996 budget reflects strong commitments to readiness, quality of life, and managed health care delivery. This submission represents a fully funded CHAMPUS and the phasing in of the new cost shares for the uniformed HMO benefit.

It also seeks \$13.6 million in support of our service members and their families who are suffering from illnesses thought to be associated with service in the Persian Gulf. Military medicine today has in place the leadership and the tools necessary to lead, guide, size, and shape the military health services system to meet its twin missions into the next century.

Mr. Chairman, I recognize that this hearing is about TRICARE; however, it is not possible to speak about military medicine and address only one of our twin missions. Building our defense health program, determining the budget and negotiating the extent of manpower and in-strength reductions causes us to consider carefully the requirements of our dual mission.

Mr. Chairman, these missions are codependent. This truth often is overlooked or is not easily understood. Yet, it is the operation of military hospitals and clinics, the everyday care and treatment of our broad range of beneficiaries that affords our health care professionals the necessary experience to maintain their skills. I thought, Mr. Chairman, that the GAO testimony was right on the money. I felt it detailed our accomplishments and the problems facing us quite fairly.

Similarly, Colonel Partridge's testimony, though, I differ with him on many points, much of which has to do with where the resources come from. I respect his opinions. I understand much of his testimony.

I wish I could say the same about the CBO testimony. I believe that it represents an unfortunate misunderstanding of medical care, military medical care, the context, and the realities in which we work with TRICARE. I wish to only make three examples here. I am sure you will draw out many more in the question and answer period.

First, with regard to the cost to Government of the TRICARE System, I would point out that military medicine is inflating. In the last few years and in the next 5 years, inflation will be less than half of current inflation in the overall health care sector.

Second, with regard to the issue of the cost to beneficiaries and the reality or feasibility of FEHB option, I have a chart that I prepared and hard copies which I will be happy to pass out now to the committee which indicate just how enormous the differential cost to beneficiaries under the FEHB option would be from the TRICARE Program; unless, of course, the Federal Government were to come up with a major source of dollars to offset that. I don't think that is in the cards.

Most importantly, Mr. Chairman, I want to indicate and I will say this as clearly as I can because I believe it was totally absent in the CBO's statement, if you take asunder the twin missions of military medicine, if you try to take down the peacetime health care system and think that will increase readiness, that will have a devastating effect on our preparedness and ability to do our military medical mission.

I'm sure my colleagues, the Surgeons General, will make that point even more forcefully than I can. With regard to readiness with the military services and the joint staff, we have reexamined our military medical readiness capabilities, identified broad functional categories needing attention, and formulated task requirements.

The day after tomorrow, we will be back here and happy to go into more detail on our readiness mission and our plans for the future. Let me once, again, for perhaps the 15th time, say you cannot take apart the peacetime and wartime requirement and expect us to have a system that is ready to go to war with the competencies that our people deserve and which we must provide.

Turning to our mission of everyday health care delivery, the Department has embarked on a bold strategy to transform the military health services system. TRICARE is regional managed care that brings together the health care delivery systems of each of the military services as well as CHAMPUS in the cooperative and supportive manner to better serve military patients and to better use the resources available to military medicine. I am very happy that joining the Surgeons General and myself today is the lead agent for our northwest region, our first region to stand up, Maj. Gen. Jim Peake, who commands Madigan Army Medical Center in Tacoma, WA.

General Peake will share with you his hands-on experience as a leader with the first region to offer TRICARE Prime. I think you will have some specific things to say about some of the comments that were made in the previous panel.

The concepts and policies of TRICARE grew out of several years of demonstrating delivery alternatives in different areas across the United States. We have combined the lessons learned from these tests, as well as proven procedures and practices from the civilian health care delivery sector to create what we believe will be an effective, efficient, and highly competitive health care delivery system for military beneficiaries.

Changing an entire operation is a challenge that will take some time to fully achieve. Such change can generate considerable concern in the minds of our beneficiaries. That concern causes you, their elected Representatives and me, the person responsible for the change, to want to help make the policies and the rationale behind those policies more clearly understood.

In that regard, I have met with beneficiary representatives many times to explain the policies and to learn of their concerns and their suggestions. We have developed basic marketing materials which are now being finalized. These materials will go to all lead agents for their use in communicating with the beneficiaries in their regions.

We have arranged a marketing conference for all lead agents and their staffs to be held next month in Denver. There the experience and ideas of those who are aggressively involved in these activities can be discussed and adapted for use in other regions.

Additionally, when the managed care support contract for a region is awarded and implemented, the contractor will have a major role in marketing TRICARE within the region. I want to let you know that within this year, I have personally visited 11 of the 12 regions. Our people are really involved in making this change happen.

They too must learn the policies and the application to the circumstances in which they are operating. To spur this process along, I asked each of the lead agents to hold a conference within their region for their personnel and we will fund that out of central funds.

All of these activities are designed to communicate and to educate our personnel so that they, in turn, can educate our beneficiaries. We still have a way to go, but we are moving in the right direction.

I won't repeat the details of what TRICARE is and the triple option because I know that most of you are quite familiar with them, and we have talked about them in the previous panel. I will say that much of the discussion around cost has to do with the uniform benefit.

Congress mandated us to come up with a benefit as uniform as possible across the Nation that would neither increase, on average, cost to the beneficiaries nor increase cost to the Government. The structure of that benefit is intended and does meet that congressional mandate.

Our non-active duty beneficiaries who are not eligible for CHAMPUS currently cannot enroll in the TRICARE Prime option. That is our single greatest problem. I think it was clearly brought out in much of the discussion in the first panel.

The TRICARE Program integrates civilian networks of providers with our military treatment facilities to ensure a health care plan that will care for all who want to enroll. Some patients will see civilian network providers.

Today, we cannot pay for most of our Medicare-eligible beneficiaries when they receive care from civilian providers. Medicare is, by legislation, the responsible health care system. Military retirees, survivors and their families lose their eligibility under CHAMPUS when they become eligible under the Medicare System.

While we continue to care for our Medicare-eligible patients in our military facilities on a space-available basis, and I agree with Colonel Partridge that, that is an inadequate basis of access, the annual un-reimbursable cost to DOD is currently \$1.2 billion. DOD continues to feel that the best solution to this dilemma is one submitted to Congress last year as a part of the Administration's health care reform package—to have Medicare reimburse DOD for the care provided to military Medicare-eligible patients who enroll in TRICARE Prime. This solution is frequently referred to as Medicare subvention. We will continue to explore this and other appropriate solutions to this problem.

A major component of TRICARE is the series of managed care support contracts that supplement the capabilities of regional military health care delivery networks. When fully implemented, as you know, we will have seven fixed-price, at-risk contracts supporting our 12 regions.

They all will be competitively awarded prior to end of fiscal year 1996. Another important element of TRICARE is the capitated method of funding military medical facilities which began in October 1993.

This military medical capitation model is a population-driven system designed to ensure appropriate funding for health care delivery, medical readiness, and unique military medical related functions.

By funding on a capitated basis, we are changing the work performance of our health care providers from a workload driven system to one which motivates them to provide cost-effective care for their patients in the most appropriate setting and in a timely way.

Before I close, let me just say a word about TRICARE overseas which was not mentioned in the earlier panel. In overseas locations, we have a number of initiatives underway, particularly in Europe, to enhance access to medical and dental care for our beneficiaries.

A triservice executive steering committee has developed a comprehensive regional health care plan for all beneficiaries residing in Europe and is working to establish Europe as a TRICARE health services region.

The Pacific area has a very different set of considerations as we look at the possibilities for TRICARE in that part of the world.

In summary, Mr. Chairman, our budget this year reflects an increase somewhat less than what the anticipated increase will be for medical care in the Nation, given the precipitous fall in health care rates of inflation in this last year.

However, our budget is predicated on both significant management initiatives and infrastructure reductions. The military health services transformation to TRICARE, a triservice program, incorporating both management initiatives and readiness requirements will ensure an effective and efficient military medical system that continues to provide high quality care to as many beneficiaries as possible. Thank you, Mr. Chairman. After the other opening statements, I will be happy to respond to your questions.

[The prepared statement of Dr. Joseph follows:]

TRICARE
Department of Defense Managed Health Care Program
Statement by

Stephen C. Joseph, M.D., M.P.H.
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Stephen C. Joseph

HNSC TRICARE

Mr. Chairman, Distinguished Members of the Committee, I am pleased to be here today to provide an overview of the Military Health Services System's transformation to managed care. I want to address our requirements as presented in the President's fiscal year 1996 budget and then go into some detail about the status of TRICARE implementation.

Department of Defense leaders, throughout the years, have stated that people are our most valuable resource; a principle clearly espoused by President Clinton and Secretary Perry in their determined actions to improve the quality of life for all members of the Armed Forces. Among the components contributing to an acceptable standard of living is **health care**: health care for service members wherever and whenever that care is needed; and, health care at home that is easily accessible, of high quality and at reasonable cost for service members and their families.

Fiscal Year 1996 DoD Medical Budget

The medical portion of the President's Defense budget, \$15.4 billion, will afford us the resources to ensure that health care continues to be a successful contribution to quality of life in the military.

Of the total medical budget, almost \$9.9 billion is requested for the Defense Health Program to provide support for worldwide medical and dental services to the active forces and other eligible beneficiaries, veterinary services, medical command headquarters, specialized services for the training of medical personnel, and occupational and industrial health care. Health care services will be provided in 124 military hospitals and 504 clinics for a beneficiary population numbering 8.2 million.

Included in the \$9.9 billion request are \$3.8 billion in costs associated with the Civilian Health and Medical Program of the Uniformed Services

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(CHAMPUS). CHAMPUS is the program through which eligible patients may share the cost of health care purchased from the civilian sector.

In addition, \$288 million in the Defense Health Program provides for procurement of capital equipment for military medical treatment facilities and other health activities worldwide. It includes equipment for initial outfitting of new, expanded or altered health care facilities being constructed under major military construction programs; equipment for modernization and replacement of worn-out, obsolete or economically repairable items; equipment in support of CHAMPUS and medical treatment facility information processing requirements; and equipment supporting programs such as pollution control, clinical investigation, and occupational/environmental health.

The remainder includes the amounts requested for military medical personnel, almost \$5 billion, and medical construction at \$314 million.

Our fiscal year 1996 budget submission reflects strong commitments to readiness, quality of life issues and managed health care delivery. This submission represents a fully funded CHAMPUS and the phasing-in of the new cost-shares for the uniform HMO benefit. This submission seeks \$13.6 million for our Comprehensive Clinical Evaluation Program and research activities in support of our service members and their families who are suffering from illnesses thought to be associated with service in the Persian Gulf.

In the past, Congress, concerned with shortfalls in the medical programs, directed that the Secretary of Defense certify the adequacy of the Defense Health Program budget.

This direction resulted in a very careful and deliberate formulation of our budget submission. The key assumptions used in crafting the budget were that:

A. The proportion of eligible DoD health care beneficiaries who use the Military Health Services System will not increase above the current level,

B. Operation and Maintenance inflation occurs at the OMB/DoD projected rates (i.e., 4.1 percent composite),

C. The military departments' military end-strengths decrease as projected, and

D. The DHP military and civilian end-strength levels funded in the FY 96 budget are executed by the military departments as projected.

This submission is the third in which we have used a modified capitated methodology for resourcing the military departments. The methodology, updated in October 1994, is based on FY 94 base year costs. Rather than determining our capitation rate using the total number of eligible DoD beneficiaries, we estimate the number of those beneficiaries who actually use our system. That estimate is determined by a survey conducted semi-annually. The costs divided by the number of estimated users results in the capitation rate. We then adjust that rate for inflation and known changes from the base year.

DoD Health Care Leadership

Building the medical programs for the Department of Defense is an effort for which considerable negotiation, coordination and collaboration is essential. As the individual within DoD responsible for military medicine, I must have knowledge and an understanding of the pressures driving the military departments, the joint staff and the military "line," as well as their plans, so that the medical programs will support their efforts. To this end, I re-energized the Defense Medical Advisory Council (DMAC). This council is composed of presidential appointees from each of the military departments, the vice chiefs of staff from the military services, and the Director of Logistics, J4, from the joint staff. Major policy issues of medical readiness and everyday health care delivery are considered and discussed at these sessions. In addition to being an opportunity for me to gain an appreciation for the current and planned activities of the military services and the joint staff, it is my occasion to inform these individuals about military medical issues.

Guiding the Military Health Services System in fulfilling its missions is the purpose of the TRICARE Executive Committee (TEC), which advises me on all matters pertaining to the military medicine. The TEC is chaired by my Principal Deputy and includes the three Surgeons General. Their activities involve developing military medical policy in support of the Armed Forces, or TRICARE policy. These efforts entail determining strategic direction and resolving major issues pertaining to both medical readiness and the everyday delivery of health care for all of our beneficiaries. As part of our renewed focus on medical readiness, the Director of Logistics, J4, will join the TEC when they address medical readiness issues. In fact, the current impetus of the TEC is to commit more time and energy to readiness issues and to increasingly delegate some of the everyday health care delivery issues to the TRICARE lead agents. The TEC meets weekly and approximately once a month extends the meeting to include all of the TRICARE lead agents via teleconference. Service-unique issues will continue to be addressed within the services.

It is my belief that military medicine, today, has in place the leadership and the tools necessary to guide, size and shape the Military Health Services System to meet its twin missions into the next century. Along with the senior advisory groups, we have the Defense Health Program, our capitated budgeting process, and management tools including those fundamental to TRICARE: regional organization, managed care, utilization management, and provider networks. In addition, we have revised the Medical Readiness Strategic Plan to focus on the requirements necessary today for medically supporting the Armed Forces in carrying out the military objectives of our national security strategy.

Readiness

The world in which we live is charged with activity. It is neither settled nor predictable. Recent events have resulted in the crafting of a new national security strategy which recognizes that the interests of this nation remain global in nature, while the threats we face are more diverse. The President's national security strategy is one of engagement and enlargement. As the world's leading power, the United States must do all it can to deter aggression, promote peace, and foster the growth of democratic governments throughout the world.

For the Department of Defense, this new strategy underscores the need to be prepared for short-notice deployments in unusual, harsh, and/or austere environments with missions that range from war to contingencies to peacetime operations. Military medicine must be prepared to play an integral part in this strategy.

With the military services and the joint staff, we have re-examined our military medical readiness capabilities, identified broad functional categories needing attention, and formulated task requirements within each

functional area describing what must be done and who has responsibility to do it.

Results of this medical readiness evaluation are detailed in the Medical Readiness Strategic Plan 2001. With this plan we have a coherent framework for tackling a diverse and complex array of readiness issues.

Inseparable Twin Missions

Building our program, determining the budget, and negotiating the extent of manpower and end-strength reductions caused us to consider carefully the requirements of our dual missions. This process crystallized the fact that these missions are co-dependent. This truth often is overlooked or is not easily understood by those who evaluate the Military Health Services System superficially. It is the operation of military hospitals and clinics, the everyday care and treatment of our broad range of beneficiaries, that affords our health care professionals the necessary experience to maintain their skills.

TRICARE

Information and Communications

Turning to our mission of everyday health care delivery, the Department, as you know, has embarked on a bold strategy to transform the Military Health Services System. TRICARE is regionalized managed care that brings together the health care delivery systems of each of the military services, as well as the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), in a cooperative and supportive manner

to better serve military patients and to better use the resources available to military medicine.

The concepts and policies of TRICARE grew out of several years of demonstrating delivery alternatives in different areas across the United States. We have combined the lessons learned from these tests as well as proven procedures and practices from the civilian health care delivery sector to create what we believe will be an effective, efficient and highly competitive health care delivery system for military beneficiaries. Changing an entire operation...and recall we are changing and integrating four major operations...is a challenge that will take some time to achieve. And, as we progress with restructuring to full implementation, policies will continue to evolve.

Such change can generate considerable concern in the minds of our beneficiaries. And that concern causes you, their elected representatives, and me, the person responsible for the change, to want to help make the policies, and the rationale behind the policies, more clearly understood. In that regard, during the past year I have met with beneficiary representatives many times to explain the policies and to learn of their concerns. Some of their concerns I could fix, some I could not. And, the reasons for not being able to fix those concerns ranged from requiring legislation to breaking our budget to threatening our medical readiness.

In February of this year, the Federal Register published the proposed rule for TRICARE. Explaining the multiple details of TRICARE is quite complex and can be difficult to understand. The proposed rule has generated a number of requests for clarification, which we hope to answer with publication of the final rule later this summer. In the interim, we have taken a number of actions to help make the details of TRICARE more understandable.

Our strategy for communicating the details of TRICARE has been an open and broad-based one. TRICARE will not begin in all locations at the same time, nor will the details of each region be precisely the same, as each region has developed its own health care delivery plan. For these reasons, I have kept the DoD message targeted to policies and to issues of concern for a particular audience. But clearly there is a need for more information to more people. For that reason we have developed basic marketing materials which are now being finalized. These materials will go to all lead agents for their use in communicating with the beneficiaries in their regions.

To assist the lead agents and their staffs with their marketing and communication of TRICARE we have arranged a marketing conference for April. Here, the experiences and ideas of those who are aggressively involved in these activities can be discussed and adapted for use in other regions. As the full implementation of TRICARE nears in each region, the lead agent will begin more focused discussions in various media to ensure all beneficiaries are familiar with the changes soon to take place. Additionally, when the managed care support contract for a region is awarded and implemented, the contractor will have a major role in marketing TRICARE within the region.

Lastly, I want to let you know that within this year I have personally visited 11 of the 12 regions and our people are really involved in making this change happen. They too must learn the policies and the application to the circumstances in which they are operating. We had a TRICARE conference in early January of this year and almost 1,000 Military Health Services System personnel attended. The discussions and deliberations at that meeting were so valuable, that I asked each of the lead agents to hold similar conferences within their regions for their personnel -- and we would find the funding for it. These regional conferences are about to begin. All of these activities are designed to communicate and to educate our personnel so that they, in turn, can educate our beneficiaries. We still have a way to go, but we are moving in the right direction.

TRICARE Details

The organization of TRICARE includes twelve regions, each administered by a lead agent, who is a commander of one of the military medical centers located within the region. These lead agents have developed and are in the process of implementing, in collaboration with all military treatment facility commanders in the region, integrated plans for the delivery of health care to beneficiaries residing within their regions.

TRICARE offers a comprehensive military health plan which includes a range of alternatives for beneficiaries. For catchment areas and select areas with high concentrations of CHAMPUS eligible beneficiaries, TRICARE will offer an HMO option called TRICARE Prime. Beneficiaries who choose not to enroll in TRICARE Prime generally will preserve their freedom of choice of provider by remaining in TRICARE Standard. These beneficiaries will have Standard CHAMPUS cost sharing requirements of deductibles and copays, except when they opt to use the preferred provider network under the option called TRICARE Extra. Then, they must meet the deductible, but will have a lower percent copay and the network provider usually will do the claims filing. All beneficiaries are eligible to receive care in military medical facilities. As a general rule, active duty service members will be enrolled in the TRICARE Prime option. This enrollment process has begun in selected areas. CHAMPUS beneficiaries may select the health care delivery option of their choice on an annual basis.

TRICARE Prime

TRICARE Prime, a voluntary enrollment option, offers patients the scope of coverage available today under CHAMPUS, plus additional preventive and primary care services. Prime includes features such as primary care managers, who are responsible for enrollee health care, to include referrals for specialty treatment. Another Prime feature is the health

care finder, who assists patients in locating and making specialty appointments.

A major undertaking last year was the determination of a uniform benefit structure and CHAMPUS cost sharing levels under the TRICARE Prime option. By Congressional direction, in the National Defense Authorization Act for FY 1994, the uniform benefit, on average, has to cost beneficiaries less than standard CHAMPUS, and not increase the overall cost of the CHAMPUS program. This project was considered by the Department as a compensation issue and was analyzed by all staffs -- the military services, the Joint Staff, the OSD staff -- and by representatives of the Military Coalition. A decision was reached in December.

Enrolled active duty family members will have no enrollment fees, and for civilian care pay \$6 (E4 and below) or \$12 (E5 and above) for most ambulatory visits, and \$11 per day of hospitalization. CHAMPUS eligible retirees, their family members and survivors who enroll in Prime will have an annual family enrollment fee of \$460, and for civilian care pay \$12 for most ambulatory visits, and \$11 per day of hospitalization. For Prime enrollees, the new cost sharing provisions do away with the usual standard CHAMPUS cost sharing. Enrollees in TRICARE Prime obtain most of their care from their primary care manager (PCM) within the integrated military and civilian network of TRICARE providers. Under a point of service option, Prime enrollees may retain freedom to use providers other than their PCM without a referral, but with significantly higher cost sharing than TRICARE Standard.

Our non-active duty beneficiaries who are not eligible for CHAMPUS currently cannot enroll in the TRICARE Prime option. The TRICARE program integrates civilian networks of providers with our military treatment facilities to ensure a health care plan that will care for all who

want to enroll. Some patients will see civilian network providers. We cannot pay for most of our Medicare-eligible beneficiaries when they receive care from civilian providers. Medicare is the responsible health care system. Military retirees, survivors and their families lose their eligibility under CHAMPUS when they become eligible under the Medicare System. While we continue to care for our Medicare-eligible patients in our military facilities, on a space-available basis, the annual cost to the Department of Defense is about \$1.2 billion.

With continuing reductions in military medical facilities and end-strength, our "space available" will decline. As this occurs, there is little doubt that our Medicare-eligible patients will be forced to seek care from civilian providers under the Medicare system. First, this may turn out to be more costly for the government. Second, we believe there is a moral obligation for DoD to care for these former members of the Armed Forces and their families and survivors. Third, this older group of patients presents the wealth of clinical workload needed by our military medical personnel to maintain their skills for readiness missions.

DoD continues to feel that the best solution to this dilemma is one submitted to Congress last year as part of the Administration's health care reform package: to have Medicare reimburse DoD for the care provided to military Medicare-eligible patients who enroll in TRICARE Prime. This solution is frequently referred to as Medicare Subvention. We will continue to explore other appropriate solutions to this problem.

A fully implemented TRICARE program will bring all demonstrations and site-specific programs into one military health care delivery system. This will include those areas now operating as CHAMPUS Reform Initiative sites, Catchment Area Management demonstrations, and the Uniformed Services Treatment Facilities (USTFs). This integration will provide consistent programs which enhance our ability to eliminate redundancy, achieve needed economies, and potentially avoid spending millions of

dollars. These programs have helped us in formulating the policies of TRICARE, and have been well-received by many patients. However, it is time to fold them into our overall managed care plan for all of our patients. For USTFs, this means converting to the Prime benefit effective October 1, 1995. And, as the regional managed care support contracts are implemented, our plan is to have those USTFs in the region compete for inclusion in our networks on the basis of quality and cost.

Managed Care Support Contracts

A major component of TRICARE is the series of managed care support contracts that supplement the capabilities of regional military health care delivery networks. When fully implemented, we will have seven fixed-price, at-risk contracts, supporting the twelve regions. They all will be competitively awarded prior to the end of fiscal year 1996. The new TRICARE Prime cost sharing provisions will be phased in nationally as each regional TRICARE contract begins operations.

The first contract, for Region 11 (Northwest Region), was immediately protested upon announcement of the award last year. That protest was flatly and totally denied by the GAO on January 27th of this year. Triple option services began on March 1st of this year in Washington and Oregon, right on schedule! Very importantly, the GAO's complete denial of the protest, gives the procurement process we have adopted and all military medical personnel a well-deserved vote of confidence...we know what we are doing.

Because the decision on the Prime option cost sharing arrangements was about to be announced, we delayed the recompeted contract award for Regions 9 (southern California), 10 (Golden Gate Region) and 12 (Hawaii Pacific Region) to afford bidders a competitive opportunity to include these cost sharing arrangements in their proposals. We expect to award the contract by the end of this month. The procurement action for Regions 6 (Southwest Region), 3 (Southeast Region), and 4 (Gulfsouth Region) are in

the evaluation process. For the remaining regions, work is in progress to build the requests for proposals (RFP) tailored to the specific regional requirements. During 1995, we will have procurement actions in every stage of development and implementation. Because the dollar value is significant, these contracts are sought by a number of health care corporations. It will be a highly competitive process and we fully expect protests from losing bidders.

Capitation Budgeting

An important element of TRICARE is the new capitated method of funding military medical facilities, which began in October 1993. This military medical capitation model is a population driven system designed to ensure appropriate funding for medical readiness and unique military medical-related functions. The model has three major components:

A. Military Medical Support funding, which applies to military medical support functions that are not directly related to the size of the force structure. Examples include the aeromedical evacuation system and overseas medical facilities. This funding is calculated by considering mission changes, inflation and other adjustments normally figured in the budgeting process.

B. Military Medical Unique Capitation Rate funding reflects the costs of military medical unique and medical readiness functions related to the size of the force structure and Service-specific military requirements. Examples are optical laboratories and education and training. These functions and activities are related to the size of the active duty military population supported.

C. Medical Capitated Cost funding is analogous to the capitation rate used by civilian health maintenance organizations (HMO). Examples are military medical facilities and CHAMPUS. This is the funding which is used to provide and to purchase health care for beneficiaries.

Since all eligible beneficiaries do not use the Military Health Services System, we apply the number of actual system users to the computation for the capitation rate. We estimated numbers of users based on biannual survey data designed to capture this information. Once enrollment is implemented throughout the regions, a definitive population number will be available and used. It is important to understand that it is the actual patients who use our system, rather than a given catchment area population, that is the basis for computing a capitated budget.

By funding on a capitated basis, military medical managers are motivated to provide cost-effective care for their patients in the most appropriate setting and in a timely way. To assist in this effort, we have established standards for access to health care and routine screenings.

Utilization Management

As TRICARE progresses toward a single standard of care in a "seamless" system, we have adopted a uniform policy for utilization management practices for care that is provided and for care that is purchased. Consistency about when and where care should occur not only ensures a uniform benefit but also offers a sound basis for comparing utilization patterns throughout the system and against national norms. TRICARE utilization management programs are patient focused, ensuring access, quality and delivery of necessary and appropriate care at the most cost effective level. Utilization management activities and information are essential elements in overall development and incorporation of total quality improvement measures within military medicine. The military utilization management system includes prospective review, concurrent review, discharge planning, case management, and retrospective review. Very important is the fact that the Defense health budget assumes major

accomplishments in utilization management in order to hold the annual rate of growth to levels below the national average for the health sector.

Quality Care

Military medicine strives to attain a high level of quality in the provision of care and in its health care practices. Standard utilization management is one essential link between the delivery of care and the accomplishment of an overall process of quality improvement. We have taken a number of other steps to solidify and retain the level of quality in military medicine. Among them are a new policy for credentials transfer for providers temporarily assigned to another medical facility; a redirection of the Civilian External Peer Review Program focusing on high volume clinical episodes and product lines; and, establishment of the Clinical Quality Management Program incorporating accreditation, credentials and privileges, the National Practitioner Data Bank, and the quality management contract.

Overseas health and dental care

We have a number of initiatives underway, particularly in Europe, to enhance access to medical and dental care for our beneficiaries. The rapid drawdown of forces in Europe included military medical facilities, which resulted in limited or no care in some locations. A tri-service Executive Steering Committee has developed a comprehensive regional health care plan for all beneficiaries residing in Europe, and is working to establish Europe as a TRICARE health services region.

Considerable emphasis has been given to implementing a patient liaison and advocacy system for beneficiaries who must use host nation providers. And, as the TRICARE program progresses, networks of providers will be established and will include translation services. On a demonstration basis, we have waived CHAMPUS cost sharing for active

duty family members in Europe. This waiver facilitates using host nation providers, who are unfamiliar with patients needing to meet deductibles and with collecting partial payments from patients.

We are turning around the problem of access to dental care in Europe through the addition of many more dentists, both active duty and contract personnel. This effort is one part of several to achieve a comprehensive, integrated dental care plan, tailored to each location. This dental program is an integral component of the TRICARE Europe Regional Health Plan. Additionally, we now allow beneficiaries to remain enrolled in the Family Member Dental Plan when moving to overseas assignments. This affords them the opportunity to access care in the U. S. during trips home.

BRAC

The closure of a military medical facility can have a devastating impact on many beneficiaries, especially our older retirees, who have come to depend heavily on that facility. With the help of the Congress, we have implemented several actions designed to lessen that adverse impact.

Each of the military services develops a detailed transition plan for the closures, which include outreach programs to ensure that information about the closure reaches those who use the facility. In addition, we have a BRAC Health Care Beneficiary Working Group that is visiting all of the closure sites to meet with the beneficiaries and to gain insight into specific health care issues and concerns.

With the help of Congress, alternative health care delivery options are available, wherever feasible, to eligible beneficiaries in closure sites. In most instances, preferred provider networks have been established to ensure access to providers who are CHAMPUS participants, and to offer a slight reduction in copayments.

A major concern when the military medical facility closes is loss of the pharmacy. To help overcome that loss, we have two pharmacy programs underway. In each location where a provider network is established, a retail pharmacy network is included. This program is for CHAMPUS eligible patients and those Medicare-eligible patients who reside within the former catchment area of the closed facility, provided no other military medical pharmacy is present. The second pharmacy program is the mail service demonstration project in Hawaii, California, Florida, Georgia, South Carolina, Pennsylvania, Delaware and New Jersey. Eligibility for this program is the same as for the retail pharmacy program.

At the request of Congress we are in the process of expanding the range of Medicare-eligible beneficiaries who may use these two pharmacy programs. We will make these programs available to all those who have been dependent upon the closed facility.

CLOSING

In summary, our budget this year reflects an increase somewhat less than what the anticipated increase will be for medical care in the nation. However, our budget is predicated on both significant management initiatives being implemented throughout the Military Health Services System and infrastructure reductions. The management initiatives, such as managed care, enrollment, utilization management, consolidation of services, and a shift from hospital to ambulatory care, depend on the capability and flexibility provided by our regional, at-risk managed care support contracts. Additionally, these initiatives are designed to accommodate infrastructure reductions--since FY 88, the number of military hospitals has decreased by 53, and in the same period, the number of normal beds has been reduced by 12,000; with BRAC and manpower cuts these numbers will go up. The Military Health Services System's transformation

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to TRICARE, incorporating the management initiatives, will ensure an effective and efficient military medical system that provides high quality care to as many beneficiaries as possible.

The Military Health Services System change to TRICARE has been an evolutionary one. One that began several years ago with the everyday delivery of health care and more recently growing to include the requirements of medical readiness. With considerable legislative guidance and support, TRICARE has reached the point where it is being implemented. TRICARE will continue to be evolutionary, addressing new difficulties and obstacles, phasing in new methods and initiatives for improving the delivery of care to military beneficiaries, and solidifying its medical readiness role.

In handling the change and challenges of today, I continue to encourage our military medical personnel to be bold in their thinking and in their leadership. Threats to the institution of military medicine, while very real, can be the source of stimulation and opportunity. We must find those opportunities and exploit them to create the atmosphere and environment to sustain the Military Health Services System as a flexible system prepared to meet the challenges of its interwoven missions.

I am certain that with the encouragement and assistance of this Committee the future will see a highly capable, very agile military medical support structure providing state-of-the-art, high quality health care to patients who are highly satisfied with its delivery.

Thank you Mr. Chairman. At your convenience, I will be happy to respond to your questions.

Mr. DORNAN. Thank you, Dr. Joseph.

I am going to go to Dr. Peake because you are the first one to hit the ground running here. Then we will turn to the lieutenants general and vice admiral. Please proceed.

STATEMENT OF MAJ. GEN. JAMES PEAKE, COMMANDER, LEAD AGENT, TRICARE REGION 11, DEPARTMENT OF THE ARMY; ACCOMPANIED BY LT. GEN. ALCIDE LANOUE, SURGEON GENERAL, DEPARTMENT OF THE ARMY; VICE ADM. DONALD HAGEN, SURGEON GENERAL, DEPARTMENT OF THE NAVY; AND LT. GEN. EDGAR ANDERSON, JR., SURGEON GENERAL, DEPARTMENT OF THE AIR FORCE

General PEAKE. Mr. Chairman, I would like to share my perspective from lead agent 11, Washington and Oregon. We are the first to be at the leading edge of TRICARE. The contract was awarded in September 1994 with a start of health care delivery on March 1, 1995; 6 short months.

In that time, we have had a protest that was resolved successfully in January. We had a benefit that was not really defined well until about December. That actually resulted in a stop-work order to the contractor. Yet, we have proceeded with a March 1 start date.

There has been a response that is greater than anything that we have predicted or predicted by the contractor. In fact, we had about 10,000 applications by last Friday. This week, we have a total of more than 26,000 people enrolled in the prime option of the triple option under TRICARE.

That serves greater than the 28,000 that were predicted to be enrolled by the end of the first year, actually, under the contractor. We expect by April 1 to have more than 35,000 people enrolled in the Prime option.

There have been a number of areas that we have had to pay a lot of attention to and work hard on to reassure our population that we are taking care of them and to make sure there is a smooth transition to this managed care.

One of those is enrollment. Foundation Health Care has the ball on the enrollment. In fact, because of the volume that I have described, they have had to hire additional people. That meant training them up. That meant culturing them to the military, our customer.

We have had some miscommunications with that. We have worked hard to improve that. In fact, I have compounded that myself by changing the enrollment criteria in response to the volume.

We have reached out to open the portals at Madigan, as an example, to ensure that all of the active duty family members at Fort Lewis have the opportunity to enroll in prime at Madigan. So I don't have a family member driving by Madigan to go off post to find a civilian health care provider.

Under marketing, the delay in the benefit delayed the contractor's ability to fulfill his obligation of getting the marketing materials out. We are a little bit late on that because prime, sir, is really a major part of the new program for our beneficiaries.

We wind up explaining it a lot. We have sold that pretty hard, I think. We are now trying to make sure that they understand that

TRICARE is about choice and there is choice involved in TRICARE to include standard and the extra piece.

There is a group, sir, you have heard about already that feels disenfranchised with this program. That is the Medicare-eligible retiree, and I speak to a number of retiree groups. They are very interested in subvention. It makes it difficult to sell this TRICARE as a full DOD program. Another area, sir, in our contract, Foundation Health Care our contractor, will be doing the appointing. For an area as large as Puget Sound requires a great deal of detailed work on the templates for the computers and so forth. Because of the delay in the rapid movement in this, there has been some slowness in hiring the appointment clerks. We are very involved in doing the training for them and refining the appointment criteria that we provide.

We have made a deliberate decision to delay this and work a phased-in program in appointing to make this as seamless as possible and take care of our patients the best we possibly can.

Under readiness, we have already increased some of the NDMS beds. As a part of the contract, the contractor contracts with the hospital then they automatically will be part of the NDMS system. That improves our mobilization posture.

We are working to look at our regional mobilization potential so that we can work with the contractor and give them a heads-up. They can provide a safety valve in terms of manpower and in terms of health services, should we have to mobilize for a contingency.

There are a number of things when you are dealing with a mega contract like we have that have to be defined as we go along. We are working hard with Foundation to make sure that we understand the contract the same way that they do. Such issues as the head vice nurse, we believe need to be available to every MHSS beneficiary. We are working through that. Foundation has a little bit different idea.

The role of the health finder within the military treatment facility, not just between the civilian network and the military treatment facility is an example. We are now approaching the end of just the first month of this TRICARE program in Washington and in Oregon.

We have had a tremendous response to it. That big response underscores our commitment to making this thing right and fulfilling our responsibilities to our constituents.

Thank you, sir.

Mr. DORNAN. Thank you. Mr. Pickett, any questions?

Mr. PICKETT. Thank you, Mr. Chairman.

I welcome our witnesses today. Dr. Joseph, I guess my first question would be for you. That is, whether or not the Department of Defense is in communication with the Office of Management and Budget to see if you can make any headway on this issue of the Medicare Program reimbursing the military treatment facilities?

Dr. JOSEPH. Yes, sir; that is under active discussion, as you know, between the executive branch and the Hill; and within the executive branch back and forth between OMB, ourselves and HHS.

This is a tricky and difficult issue from our perspective. Let me try to be as direct about it as I can. From our perspective, this is

an issue not only of the economic health of our system, but it is also an issue of basic fairness; a fairness to the retirees who we want to provide care to and want to get care in our system, and fairness to the DOD in terms of reimbursement for provision of that care.

You could look at this issue from a different perspective if you were sitting inside the Health Care Financing Administration in the same executive branch of Government. There is a very active and spirited discussion going on, particularly through OMB, as to where this penny really should drop.

Hearing the comments that have come from up on the dias about the necessity to fairly serve our retirees and the inadequacy that we have now to serve them, to me there is a simple answer which is to plug the hole in our crankcase and provide us with the reimbursement for taking care of those patients just as the Medicare trust fund would provide Dr. Smith's downtown office for taking care of his Medicare patients.

Mr. PICKETT. The next question I have has to do with the intermediaries that are being contracted for, I think we call them, contract support, medical support, or however that is characterized, managed care support contractors.

How expensive is it and who made the determination that this could be a necessary service that would be required of the military in order to administer these plans?

Dr. JOSEPH. What this is about is putting in the hands of the lead agent two levers, two levers with which he or she can make or buy decisions for health care.

The lead agent has in one hand the lever for the delivery of direct care in the military treatment facilities. In the other hand, through the managed care support contract, the lead agent has the ability to buy medical care where either it is, on a particular service, too expensive to make in our own facilities, or where a geographic location, or accessibility, or some of the other factors that were mentioned before would be.

The managed care support contracts are competed as at-risk contracts. We believe that we will bring those contracts in. I think our experience so far is showing that to be true. It is at a rate which very favorably compares with anything that can be done in the private sector in terms of contracting out for services.

I think you have to understand that we are now in a very different screen in terms of our purchase of care through these contracts than military health has ever been before. The California-Hawaii contract, which was protested and a protest upheld by GAO, which has delayed the actual award of the contract for a year, was a \$3.5 billion, 5-year contract.

As I think Mr. Baine pointed out, that is a contract that excites a good deal of competitiveness. I think we have to expect that every one of these major contracts will have a technical protest lodged against the award to the winner. I think we will win most of them. I hope we will win all of them.

It was an enormous confidence booster for us when in General Peake's region the almost half a billion dollar contract was protested after the award. The GAO sustained our side of the protest

and threw the protest out 100 percent. So, we know we can do it now.

I would not look for any diminution of contentiousness, litigation or protest on the contract awards. We are now in the same league as buying major weapons systems.

Mr. PICKETT. What you are doing is purchasing all of the medical care not provided in the military treatment facilities from this one contractor?

Dr. JOSEPH. We are purchasing medical care through a single managed care support contractor in each region. The expectation is that the contractor will arrange for the provision of that care through a network of providers; whether that network includes individual physicians, or clinics, or other systems.

Mr. PICKETT. Is the funding handled through the intermediary or directly with the provider?

General PEAKE. Foundation Health Care is the fiscal intermediary. They are the contract organization. They have subs. In Washington, it is Group Health for the Prime network as an example. In Oregon, where we have no military treatment facility, we have Prime offered in 15 different counties all up and down the I-5 corridor there. That is through HMO-Oregon. They respond to Foundation Health Care who pays them.

Dr. JOSEPH. If I might, Mr. Pickett, take advantage of your question to try to clarify this and an earlier comment in the first panel. We have two balancing acts that we need to engage in with TRICARE.

One has to do with how much control over the managed care, indirect purchase of services portion of our system should actually be in the hands of the lead agent and how much under the discretion of the contractor? That is an evolving situation. We had spirited discussions among ourselves as this board of directors here certainly in the last year, that I remember, over how to balance that. How much control in the hands of the lead agent? How much control in the hands of the managed care support contractor?

The other balancing act refers to some of the discussion about will the triservice system work in the regions? That has to do with the fact that we need to have a control system, triservice control system, under the guidance of the lead agent within the region.

We also need to maintain the command and control authority of the individual services up and down their systems in that region. We are in the evolving process of working out how you build a functioning matrix which allows the services to have command and control, which they must retain for the accomplishment of their mission, but at the same time allows the lead agent to build a triservice system that maximizes the advantages of all three services within that region.

Mr. PICKETT. Your contract with the intermediary, is that for a specific package of services or is that on a per capita basis?

Dr. JOSEPH. The contract is awarded on a bid based on a per capita determination of the population. That bid is subject to a later bid price adjustment, if the population changes. This actually happened in region 11. The contractor then is at risk for making the contract award fit the services that are purchased.

Mr. PICKETT. Dr. Joseph, I think you are familiar with the Mental Health Contract Program that was initiated a few years back down in the Southeastern part of Virginia?

Dr. JOSEPH. Yes, sir.

Mr. PICKETT. You followed the developments of how that has worked out?

Dr. JOSEPH. Yes, sir.

Mr. PICKETT. Are the principals that were used in that contracting arrangement being used for these other TRICARE contracts?

Dr. JOSEPH. I think there are major similarities among the principals. I need to gather my wits for a moment to try and point out where the differences would be.

The basic approach of using a fixed price at-risk negotiated contract to purchase services within an area is common to both systems.

Mr. PICKETT. Admiral Hagen, do you want to comment?

Admiral HAGEN. My understanding is the same.

Mr. PICKETT. Are there any significant differences between the two?

Dr. JOSEPH. I am being told no.

Admiral HAGEN. I'm not aware of any differences, Congressman.

Mr. PICKETT. Can you give us an idea of what this per capita amount is that you are contracting for with the intermediary?

Dr. JOSEPH. I will be happy to furnish you the specific figures.

Mr. PICKETT. If that is confidential, I can understand.

Dr. JOSEPH. The problem is the ongoing procurement process. We expect to announce the California-Hawaii award at the end of this month. We have two regions coming closely on behind that and then several more that are in the procurement process.

Mr. PICKETT. Mr. Chairman, I think this subcommittee would be very interested in what they are paying on a per capita basis for these contracts that they are making in order to provide the services they are committed to provide under the TRICARE Program.

Dr. JOSEPH. We would be happy to furnish you that material in an environment that would not be subject to procurement difficulties.

Mr. PICKETT. Thank you very much. That's all I have, Mr. Chairman.

Mr. DORNAN. Thank you.

Mr. PICKETT. Could I just make one point? An issue that was raised by the previous panel has to do with the management of the military hospitals and the fact that the lead agent didn't have direct control over the day-to-day activities of the hospital and for that reason they couldn't control the costs.

Does that bother you or does that bother you all in the system?

Dr. JOSEPH. It doesn't bother me. Let me ask my colleagues to answer that as well. Again, my sense of it is that we do need to work out that matrix. Some things need to be controlled at the regional lead agent level. Other things need to be controlled down the service chain of command.

This is an evolving process. My sense is from what I know about Washington and Oregon and other demonstration areas is that we are moving toward a situation where greater amounts of control over appropriate processes are being lodged at the lead agent.

My own perspective on where this system is going is to rapidly over the next couple of years push as much authority and responsibility for the actual operation of TRICARE in the individual region into the hands of the lead agent.

There still needs to be maintained, sorry to repeat it again, the command and control authority of the individual service down through their chain. It is a matter of working out how that mix works. The military is quite familiar with doing that.

Mr. PICKETT. Doesn't that piece of it have to work if you are going to maintain your wartime capability?

Dr. JOSEPH. Absolutely. When the Navy needs to take some of Admiral Hagen's people out of Portsmouth, for example, the Navy needs those people out of Portsmouth.

Also, the lead agent who has to balance the availability of medical care no matter what color uniform throughout that region, has to be able to mix and match and backfill, et cetera, and have some input into that system.

I think we have made tremendous strides in that triservice integration in the last year. I don't really see any enormous obstacles to getting the matrix right.

Mr. PICKETT. Go ahead, Admiral Hagen.

Admiral HAGEN. If I might; it is absolutely critical that I have the authority to send out my hospital ship from Bethesda which requires 880 people from Bethesda to go there. They have to be able to respond in 4 or 5 days.

The same with Portsmouth when we went to Desert Storm in 4 days. We have to have the command and control authority to be able to deploy those people right now. If you look at how the cooperative arrangement is working in Tidewater, you are amazed at the joint service staffing, how the Air Force comes over from Langley and staffs the EMT's department and the people move back and forth in a very cooperative manner.

They are demonstrating there that you can do it. The exciting thing about TRICARE for me is that it enhances readiness and enhances your ability to go. Upfront we identify what the missions of these facilities are. Then as we do the planning, we can more effectively take care of our beneficiaries when we do deploy because we know that Portsmouth may have to send somebody.

We can upfront plan that the contractor may have to be involved in a backfill mode to help us as soon as that group leaves.

In fact, if we do our homework upfront, we can make it better for all of our beneficiaries who are not going to deploy, the families of the retirees. We have that buffer in this new process. I think it can work very well for both sides.

Mr. DORNAN. Would the gentleman yield?

Mr. PICKETT. Of course.

Mr. DORNAN. Admiral, you said you might send 850 people out to the *Hope* or the *Comfort*. Is that the entire medical compliment other than ships company?

Admiral HAGEN. That includes some of the ships company. This is what we did do from Bethesda at Desert Storm. That is the exact number that I sent because I was in charge of Bethesda.

Mr. DORNAN. You didn't draw from Portsmouth or other naval ports?

Admiral HAGEN. Portsmouth sent people to other facilities. See, the people trained together to go to war. So, Portsmouth had fleet hospital 5. Those people deployed and trained together. They deployed to Saudi Arabia to support the field hospital that was then on the beach.

Bethesda's mission is to train people to go on the hospital ship and be aboard the ship. They have different missions, different training missions. Each place has a different mission. We work together on those things. It is working very well.

Mr. DORNAN. Gentlemen, I have a problem. We have been very lucky because there is no voting until after 5 o'clock. So, we have not had either panel interrupted by the bells.

They are debating the rule on term limits. I am for term limits so that we can open up a lot of seats for all of you to serve 6 years in this House after you retire. That is about the only thing you can add to your résumé, General Anderson.

I am quite serious about it. So, I want to get over and speak. There is the buzzer right now. I am going to go over and speak for term limits. I will turn this over to one of our new Members, Mac Thornberry of Texas.

One question will be answered and the staff will tell me. General Peake, when you selected, for the civilian care, Foundation Health Corp. of California to administer that section in region 11, how competitive was that?

I just wanted to know how many people put bids in? What selection process did you use to pick Foundation Health Corp.? Maybe you didn't do it. Maybe it was all up to Dr. Joseph.

You can start answering that as Mr. Thornberry takes the chair. I will have one ear up as I leave the room.

Dr. JOSEPH. That was a standard, Lord help us competitive procurement. I believe there were either three or four competitors in that particular bid. As Mr. Baine said earlier, it cost a proposer several million dollars to put one of these bids together. That, in part, leads to the controversy and conflict after a bid is awarded. I think there were four.

Mr. THORNBERRY [presiding]. Dr. Joseph, let me turn my questions to what we were focusing on, some of us, with the previous panel, and that is the retiree issue. I understand that is not the whole sum of your job description.

It is one that I have had folks in my district express a tremendous amount of concern about. Let me just start if I could with the very basics. That is this. I have had a number of retirees in my district tell me that they believe there was an agreement with DOD that if they served 20 years or more and retired, the Government would take care of their health care.

As a matter of fact, that was a factor in choosing whether or not to reenlist. Do you acknowledge that there was an agreement to that effect?

Dr. JOSEPH. Colonel Partridge showed us all the brochure that he picked up this year. The lawyers will tell you that there is no fine print that says free medical care guaranteed for life. I think though it is facetious for anybody to sit up here and say that, that is not what recruits believe when they are talked to by their recruiter. That is a fact of life.

It is also a fact of life that we need to be able to pay for our system. The resources that we have in this recessionary time have left us where we are. We have tried to design what we think is the most equitable. Although, I agree, it is not a totally equitable system; the most equitable and most military cogent system with regard to the benefit and the cost shares, but there is no doubt that the retirees are bearing an extra burden. There is no doubt about that, sir.

Mr. THORNBERRY. I take it from your previous comments you would agree with me that when you promise health care on a space-available basis and then proceed to reduce the amount of space that is out there, you are not giving them very much.

Dr. JOSEPH. We are giving them less access. As I have said, that is our bigger problem. You could take the other side of the argument and say, should you put the burden of the fees on the active duty families? There are lots of reasons, including some very sound readiness reasons, why that is not a desirable choice.

Mr. THORNBERRY. No question about that.

Do you agree with the testimony that we heard a few minutes ago from Mr. Singer, CBO, that the active duty folks may well have improved access under TRICARE, but retirees, dependents, and survivors would probably find their cost of care higher and their access to military facilities more limited?

Dr. JOSEPH. I do not believe that retirees and dependents will find their cost of care higher because I believe we have met the congressional mandate of constructing the uniform benefit that is of no higher cost to the Government and lower cost to the beneficiaries on average. I do agree with the statement that the system, without an infusion of support, and we believe that Medicare subvention is the appropriate mechanism in that support, will be progressively unfair to retirees.

Mr. THORNBERRY. Let me clarify the Medicare subvention. If that occurs, would a particular military facility be reimbursed by Medicare for the number of people aged 65 or over that it serves or is all of that reimbursement going to the Department of Defense and then you make the allocations on what is done with that money?

Dr. JOSEPH. In 1992, the Congress took what I think was a very wise step, and they created the Defense Health Program. Under the Defense Health Program, all of the funds for operating the military health services system flow through the Assistant Secretary for Health Affairs.

We then budget to the services on the basis of an agreed-upon capitation formula. The services then budget to their facilities. We would prefer that Medicare subvention come to us in the form of prospective capitated payment.

In other words, for all Medicare-eligible patients who signed up for Dr. Peake's TRICARE Prime, Medicare would give to the Department, give to the Defense Health Program, which then would transfer down through the services to the region and to the MTF in the region an agreed-upon amount. That would be the preferable way of doing it.

We are certainly open to discussion with the OMB and the Congress on alternative possibilities. There are various other ways that

you could do this; fee for service basis, which we think is contrary to the efficiencies we are trying to achieve with managed care.

Other kinds, perhaps, are demonstration programs. The preferred way would be a prospective capitated payment which would flow through the Defense Health Program.

Mr. THORNBERRY. Would you agree with me that a lot of the problems we face in getting care for retirees are personnel related, not necessarily facilities?

Dr. JOSEPH. I think that is mixed by where you are in the country; how close you are to an MTF; how heavy that load is on that MTF. For example, if you are a retiree who either needs or whose spouse needs a mammogram in the National Capital District, you are going to wait a long time for access.

On the other hand, at Travis Air Force Base, David Grant Medical Center, I believe that over 60 percent of their ambulatory care visits are currently retirees because of the demographics of that area. I think that would be very variable. My colleagues might have different views on that.

Mr. THORNBERRY. To the extent problems are created by a lack of personnel, is that something that maybe the services could alleviate in the meantime by rearranging some folks?

Dr. JOSEPH. Well, you know, it is kind of six in one, and half a dozen in the other. With the drawdown in the military, equally concerning to dollar drawdown is, of course, personnel drawdown.

We have pressures on us, both in terms of the uniformed end strength and the civilian end strength in our system. My own prediction is that General LaNoue is the most articulate of us on this. My prediction is that over the next 4 or 5 years, in the Defense Health Program, our greatest problems will come from restrictions or shortages in the personnel area rather than shortages in the dollar area.

We are learning to work smarter. We believe that the managed care initiatives we have underway will help us with cost avoidance. That doesn't help us very much in terms of the difficulties of both uniformed end strength and civilian end strength. I think that is the greater pressure for us in the next few years.

Mr. THORNBERRY. Let me finally ask you to comment on a couple of the things we talked about with the prior panel. One is making greater use or greater integration of VA facilities and staff to serve military retirees. The other one is using the Federal employee system. What would be your comments on both of those?

Dr. JOSEPH. The VA first. We have a very active program of program sharing with the VA. I believe we have some 6,000 sharing agreements that range all the way from a sharing of laundry facilities in General Peake's region to an actual joint construction of major new medical care facilities with everything else in between.

We can do more. We can do better. We can think further ahead about sharing of services and facilities. I think we do need to keep in mind that the two agencies have quite different missions; quite different constituencies; quite different political environments that they live in.

Within our TRICARE regions we are very open. In fact, we are in discussions with the VA and we have one model working, one

demonstration working, in Ashville, NC. It looks at the potential for the VA to serve as a network provider in our region.

Obviously, if the VA can come up to scratch, and I see no reason why they can't in terms of quality and access for our people, we would almost prefer them as a network provider compared to your local hospital or some other system.

So, I think there is more that we can do. But there are essential differences between the two missions of the agencies that I think stop us somewhere short of kind of a complete overlay.

Mr. THORNBERRY. The other one was the Federal employee system.

Dr. JOSEPH. I'm sorry. Again, I hope you got the sheet that talks about a comparison of benefits. I am sure this study is not as sophisticated as the one you will get in some months from the CBO. We just took the uniformed benefit cost under TRICARE, cost shares to the beneficiaries, and then took two major FEHB plans, Mid-Atlantic and Group Health of Puget Sound; and you can see for yourself what the difference in out-of-pocket costs would be and what the difference in cost shares would be between TRICARE and FEHB.

I think that is a show-stopper. That difference either has to be made up out of the pockets of the beneficiaries, which doesn't sound to me like a good idea, or it would have to be made up out of the pocket of the Federal Government, which doesn't seem to me like a good idea.

Mr. THORNBERRY. Well, I think this is certainly an area that CBO needs to work on their study. We need to all be in communication with each other. They have, of course, a different perspective.

Mr. Pickett, additional questions.

Mr. PICKETT. Thank you.

At this stage in the process, realizing you have only one of the regions actually up and operating, do you still believe from the data you have that the TRICARE Program will enable you to provide a uniform benefit across the country to military beneficiaries with the exception, and it is a terribly crucial exception, of the Medicare-eligible retirees. It will be a problem until resolved?

Dr. JOSEPH. Yes. With certain minor elements in that system of inequity, of course, they won't be minor to the individuals concerned, but in terms of location and far distance from a military treatment facility or in so rural an area that the managed care support contractor can't arrange for a provider network under Prime in that area. Within those kinds of limitations, I would say yes.

Mr. PICKETT. The cost data that you are accumulating, I believe you showed some to the committee a couple of weeks ago, indicated that the actual cost of providing care in the military system is roughly half of the amount that is paid under the FEHB annual policy premium.

Dr. JOSEPH. Yes, sir.

Mr. PICKETT. That data is still consistent with what you are finding in the operation of the TRICARE system?

Dr. JOSEPH. I don't think there would be anything in the last couple of weeks that would change that. We can go back and scrub it again if you would like.

Mr. PICKETT. No, no. I am not asking that you do it. I am asking if you are aware of anything that would indicate that the data could not be validated to rely upon?

Dr. JOSEPH. I am not.

Mr. PICKETT. Thank you very much. Thank you, Mr. Chairman.

Mr. THORNBERRY. For Region 6, which includes Texas, it is scheduled to be fully implemented, TRICARE, November of this year. As far as you know, is that on schedule? Is that going to happen?

Dr. JOSEPH. As far as I know, it is on schedule. Let me ask, General Anderson wasn't good enough to be a lead agent so they made him a Surgeon General of the Air Force. He may wish to comment on region 6. He has just come, 6 months ago, from there.

General ANDERSON. It is fair to say that region 6 is on schedule with the revised schedule. The contract should be let around the first of May. Services should begin around the first of November.

Mr. THORNBERRY. Thank you.

Without objection, I have some additional questions that I would like to be made a part of the record.

Do any of the rest of you have any other comments that you would like to respond to before we conclude?

Dr. JOSEPH. If I must might once again sing my song.

I think it is perfectly within bounds for us to debate how big or how small or how much shaving there ought to be off our joint mission system. The idea that you can take those two missions apart, wipe out or cripple the peacetime health care system and that would not have a disastrous effect upon readiness or our ability to recruit, to retain, to keep our people sharp is just a fallacy of logic. Thank you.

Admiral HAGEN. Let me just add one thing. Care for the active duty beneficiary is much more than a health benefit. It is readiness. Readiness is fitness to fight.

We get criticized because a sailor or a Marine comes more often to the clinic. It may very well be because it is for immunizations and for education and for preparedness to fight. We have a lot of reasons to bring active duty people into the health care system. It has nothing to do with managed care. It has to do with the mission.

When I see analyses that talk about charging the active duty to come in and that sort of thing, I just throw that back to make sure that we all understand. That is our mission. By preparing those people to fight is how we get the capacity to provide the benefit mission for the rest of the beneficiaries.

As Dr. Joseph said, everything is linked together. Let's not get to the point that we even consider charging active duty for care to do their job.

We have got to have them in top shape.

Mr. THORNBERRY. That's right.

Admiral HAGEN. I am not having them charge that beach if their immunizations aren't ready and that sort of thing. Thank you.

Mr. THORNBERRY. I appreciate all of the panelists being here today. With that, the hearing is adjourned.

[Whereupon, at 4:17 p.m., the hearing recessed.]

[The following questions and prepared statements were submitted for the record:]

Answer to a Question for the Record from Congressman G.V. (Sonny) Montgomery
March 28, 1995
Hearing on Tricare, House Committee on National Security

QUESTION

I noticed on the chart on p. 24 of your testimony that you show the out of pocket cost of TRICARE Prime for retirees under 65 to be \$1,000.00. But footnote c indicates that this includes the cost of a CHAMPUS supplemental. Much of the cost of today's supplements is due to the cost of inpatient hospitalization under CHAMPUS. Why would you assume that someone who has Prime needs a CHAMPUS supplemental when inpatient hospitalizations cost \$11 per day, just like in military hospitals?

I'd think that if any supplemental is needed at all with Prime, it would be real different than what we have today. Doesn't this inappropriately inflate your cost estimate for Prime?

ANSWER

Including the costs of a standard CHAMPUS supplemental insurance policy could lead to an overestimate of the total premium and out-of-pocket expenses for some retirees under the age of 65 who enroll in Tricare Prime. Premium and out-of-pocket expenses of supplemental insurance probably will be lower for Tricare Prime than for standard CHAMPUS, reflecting the difference in out-of-pocket expenses for civilian medical services. When CBO's testimony was being prepared, the military associations that sell supplemental insurance policies were still calculating the costs of Prime supplemental insurance.

Nonetheless, the estimate of average premium and out-of-pocket expenses of \$1,000 may be fairly accurate for many retirees. Those who enroll in Tricare Prime may continue to purchase private insurance policies of their own in the future for an added measure of security since they will continue to receive the lowest priority for access to military treatment facilities. For that reason, including the cost of a standard CHAMPUS supplemental policy may not be inappropriate for a retiree under the age of 65 who enrolls in Tricare Prime.

More generally, it is difficult to calculate the current average premium and out-of-pocket expenses of retirees under the age of 65 who use the military health care system because many retirees have coverage under multiple insurance policies with different premium and cost-sharing requirements. As a result, individual retirees who enroll in Tricare Prime might face costs somewhat higher or lower than CBO's estimates. The effect of enrollment in Tricare Prime on retirees under the age of 65 also depends on many other factors, such as retirees' health status and income.

QUESTIONS FOR THE RECORD
HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON MILITARY PERSONNEL
TRICARE DoD MANAGED HEALTH CARE PROGRAM
STEPHEN C. JOSEPH, M.D., M.P.H.
MARCH 28, 1995

Mr. Pickett: Last year our Committee directed the Secretary of Defense to ensure that all managed care systems include a sufficient number and distribution of participating providers, including primary and specialty pediatric providers for children. We directed the Secretary to take this action to ensure that services are available and accessible with reasonable promptness and in a manner which assures continuity of care in the regionalized networks.

a. What have you done in your contracting to make sure that this takes place?

Dr. Joseph: In implementing TRICARE, we are assuring that military beneficiaries have access to the services that they need. This is accomplished through contract specifications which require that contractors provide or arrange for all needed care for enrollees, through military medical treatment facilities, the contractor's civilian provider network, or non-network providers when necessary. The contract specifications include access standards relating to waiting times for various kinds of appointments, and specify maximum acceptable travel times.

b. Have you modified your contracts to ensure access to these pediatric providers?

Dr. Joseph: We have not added specific requirements related to pediatric providers just as there are not specific requirements for obstetricians, oncologists or ophthalmologists. Rather than specifying the types of specialty providers to be included in the network, we specify that the network shall include the number and mix of providers, both primary care and specialty, to satisfy demand and to ensure access. This approach is preferable because it gives us flexibility to require that beneficiaries' health care needs are met (the outcome we desire) rather than that the contractor meets a list of provider requirements. Our desire is to produce performance-oriented contract specifications, rather than process-oriented.

Mr. Pickett: In addition, last year Congress asked the Department of Defense to study the health care needs of children with chronic illnesses and conditions and how to ensure that these children will continue to have access to specialized care settings. What have you done to move forward with this study?

Dr. Joseph: The required Report to Congress on children with special health care needs is nearly complete. I hope that we will be able to meet the due date for the report, which is June 1, 1995.

Mr. Pickett: Also, Congress directed the Department to conduct a feasibility study of capitating a complete pediatric network that fully manages the care of all eligible children both within and outside the existing direct care system. Have you determined whether or not such a capitated network can provide access and quality at a reasonable price to the government?

Dr. Joseph: The issue of capitated pediatric care will be addressed on the Report to Congress, due June 1, 1995.

Mr. Watts: My question to you sir is: How will TRICARE change the current system to allow our retirees to have their health care needs satisfied during periods when military doctors are sent to remote areas to deal with peace-keeping or other contingency operations?

Dr. Joseph: During times of deployment, our contractor will use such mechanisms, as resource sharing to provide staff and facilities to care for the remaining beneficiaries. The contractor also would increase the size of the TRICARE Extra network, and more patients would be referred "down town". These measures could last for a length of time or until, the Guard and Reserve personnel arrive to "backfill" positions of those providers who have deployed for the contingency operation. In addition, the Lead Agent working closely with the other hospital commanders in the area could send staff from one facility to another. For example, when staff from Bethesda deployed to support a humanitarian mission in Haiti, the Lead Agent sent staff from Walter Reed to assist the sister hospital.

Mr. Watts: Is Medicare subvention the only answer?

Dr. Joseph: The Department believes it has a moral obligation to provide health care for its retirees. We will continue to provide health care services in military treatment facilities, on a space-available basis, to Medicare-eligible retirees. With the continuing reductions in medical infrastructure, however, we believe space available will continue to shrink and these individuals will be forced to rely on fee-for-service providers in the civilian economy. This would be most costly for the government, especially for Health Care Financing Administration (HCFA).

The most equitable way to resolve this problem would be to enroll over-65 retirees in the TRICARE HMO program and to seek reimbursement from HCFA for their care. This would ensure continuity of care and access to services for those retirees who want to remain part of the military community. It would allow DoD to fulfill its moral obligation to its retirees while providing good health care at a reasonable cost. It would also allow

HCFA to control medical spending by enrolling Medicare-eligible retirees in an HMO program with costs significantly below fee-for-service care.

Mr. Watts: If not, what will be done to keep the contract the military made with its members to service their health care needs in times when they are truly in need of those types of services?

Dr. Joseph: Without such payments, Medicare-eligible beneficiaries would continue to access (military treatment facility) MTF care only on a space available basis. They could also use TRICARE health care finders to provide names of network providers, who will accept Medicare assignment. However, with the probable downsizing of the military medical system, mandatory enrollment in TRICARE for active duty personnel, and a high demand for enrollment expected for other eligible beneficiaries, the opportunity for beneficiaries over 65 years to access MTF care will be limited.

Mr. Thornberry: Do you believe TRICARE will successfully achieve its stated goals? What are the program's biggest obstacles to overcome?

Dr. Joseph: On 1 March, our first of twelve regions implemented the TRICARE program in Region 11. Since that time, a contract was awarded for Regions 9, 10, and 12. We firmly are committed to achieving our program goals to improve access to care, reduce costs, and deliver even better quality programs than we have prior to TRICARE. The civilian sector demonstrated that managed care is a viable strategy for reducing unnecessary health care utilization and meeting the healthcare needs of entire communities. DoD managed care efforts are new, relative to the general health care industry, and are still maturing. However, based on the outcome of the healthcare industry, previous demonstration projects, and other initiatives, we believe this venture has every reason to be successful.

As you are aware, a major obstacle to full implementation of TRICARE is our need for Medicare reimbursement. Our beneficiaries over 65 years are threatened by the new program. We are in the process of reforming the Military Health Services System. Other major obstacles are changing the attitudes, traditions, and behaviors of our providers and our beneficiaries. Additionally, although there are no cost shares required within the MTFs, a possibility exists that in 1998, we may have to revisit the issue of having to charge MTF co-payments.

Mr. Thornberry: In your opinion, how could TRICARE be improved?

Dr. Joseph: A major improvement would occur with the attainment of Medicare subvention. This would allow all of our beneficiaries the option of enrolling in TRICARE Prime, the HMO option. Currently, we have a tremendous task to inform and educate our providers and beneficiaries to a new way of doing business. Because the implementation of the program is phased over the next few years, lessons learned from earlier experiences are being transmitted to Regions in earlier stages of development. We have updated

guidelines, modified prototypes, and published new policies that continue to refine the program.

Mr. Thornberry:

a. Do you believe the system would be improved if TRICARE participants were also eligible to participate in the Federal Employees Health Benefits (FEHBP)?

Dr. Joseph: The Department strongly believes that offering an FEHBP option would not improve TRICARE. Section 731 of the FY 1994 National Defense Authorization Act directed the Department to develop and implement a uniform health benefit package modeled on managed care plans. Section 731 also required that beneficiaries who enrolled in the HMO option would have reduced out-of-pocket costs. The Department was also directed to structure the cost sharing requirements under the HMO option such that the costs to the Department for enrollees were no greater than the costs that would otherwise be incurred by the Department for these enrollees. As of December 1994, the Department completed development of the TRICARE uniform health benefit package. It does not include an option to participate in the Federal Employees Health Benefits Program (FEHBP) and that option was not directed by the Congress. It is unclear whether a potential FEHBP option would satisfy the requirements established by section 731 of the FY 1994 National Defense Authorization Act. It is also unclear whether a potential FEHBP option would meet the cost certification requirements established by the Congress in section 712 of the National Defense Authorization Act for Fiscal Year 1993 and in section 720 of the National Defense Authorization Act for Fiscal Year 1994.

b. How could this work?

Dr. Joseph: I do not know how a potential FEHBP option would work because we have not evaluated the ramifications of such an action.

c. What would it cost?

Dr. Joseph: The cost of an FEHBP option to the Department would depend on the number of beneficiaries involved and the relative differences between future growth rates in FEHBP premiums versus the budgeted growth rates for the Department's medical program. Based on available information FEHBP premiums will have higher rates of increase in future years compared to the current funding levels for the Department's medical program. The cost of an FEHBP option to the beneficiaries would depend on the specific FEHBP plan that is selected. However, it is very likely that the cost to our beneficiaries would be more than the TRICARE uniform benefit. The following are comparisons of the annual enrollment fee or premium under TRICARE and two FEHBP HMO plans:

	TRICARE Uniform Benefit	FEHBP Kaiser Mid-Atlantic	FEHBP Group Health Puget Sound
Active Duty Families:			
Individual Fee/Premium	\$0	\$463	\$ 488
Family Fee/Premium	\$0	\$1,318	\$1,129
Average Family Benefits Cost	\$160	\$1,700	\$2,500
Retirees and Families:			
Individual Fee/Premium	\$230	\$463	\$ 488
Family Fee/Premium	\$460	\$1,318	\$1,129
Average Family Benefits Cost	\$800	\$1,700	\$2,500

d. If you believe such a system would not work, why?

Dr. Joseph: Because we have not evaluated the impact of a potential FEHBP option, it is not appropriate to express an opinion on this question.

Mr. Thornberry: Mr. David P. Baine observes that TRICARE's success relies to a great extent on inter-service cooperation. Given the tradition of inter-service rivalries that have hampered joint-service cooperation on health care delivery in the past, do you believe the TRICARE system addresses and resolves the inter-service cooperation question?

Dr. Joseph: On a weekly basis, the Assistant Secretary of Defense(Health Affairs) meets with the three Surgeons General to develop plans and policies related to TRICARE. The term, TRICARE, refers to the three Services. The program addresses inter-service cooperation through the designation of regional health service areas and lead agents. The TRICARE program incorporates the MHSS into a fundamental restructuring, creating twelve Health Services Regions. A lead agent, corresponding to a regional medical center, is designated for each of the Health Services Regions, and functions as the focal point for health services planning within the region. This person works closely with other regional hospital commanders to plan and provide care to the beneficiaries. This interservice cooperation is unprecedented in the history of the Medical Departments.

Mr. Thornberry: TRICARE Region 6, which includes Texas, is scheduled to be implemented in November 1995. Do you foresee any problem meeting this deadline?

Dr. Joseph: We expect to implement TRICARE in Region 6 on schedule.

Mr. Thornberry: The CQ's Congressional Monitor of March 27, 1995, page 5, states that the staff of the Commission on Roles and Missions of the Armed Forces criticizes the military health-care delivery system as being inefficient, overstaffed and characterized by conflicting missions. Do you agree or disagree?

Dr. Joseph: The short answer is, I strongly disagree. First, I do not agree that the system is inefficient. The Congressionally directed "Comprehensive Study of the Military Medical Care System," dated April 1994, (directed by section 733 of the National Defense Authorization Act for Fiscal Years 1992 and 1993) found that in cost per episode of health care, military medical treatment facilities (MTFs) costs were 10 percent to 24 percent less than the costs of that care under CHAMPUS. The majority of these savings accrued to our beneficiaries who avoided CHAMPUS's deductibles and coinsurance, and the government's costs were reduced by one to six percent. Second, I do not agree that the system is over staffed. The Department is required by section 711 of the National Defense Authorization Act for Fiscal Year 1991, to certify the levels of medical personnel staffing with respect to their impact on CHAMPUS program costs. The Department has complied with this certification requirement even in the face of both military and civilian personnel reductions within the Defense Health Program. Third, I do not agree that the medical system is characterized by conflicting missions. The Department's TRICARE program is built on the cornerstone of an integrated medical readiness and health benefit mission that supports the missions of the three Military Departments.

Mr. Thornberry: Many military retirees believe that they had an agreement with DoD that if they served 20 or more years and retired, that the retirees would receive lifetime health care. In fact, many of my constituents have told me that they enlisted and re-enlisted specifically because DoD represented to them that they would never have to worry about getting medical care. Do you agree or disagree that such an agreement existed? If you disagree, what is your understanding of the agreement? Will you acknowledge that such representations may have been made by recruiters?

Dr. Joseph: The Department is very aware that many of our non-active duty beneficiaries believe they are entitled to free comprehensive medical care for life, based on former military service. The law does not provide unconditional access to healthcare for other than active duty members. Section 1076, title 10, U.S.C., stipulates that retired members, their family members, and survivors may be given healthcare in DoD MTFs, subject to the availability of space, facilities, and staff capabilities. However, many active duty and retired military believed they had earned the right to health care for life. Until recently, recruiters identified health care as a life long, military benefit.

Although care was provided on a space-available basis, retirees and other non-active duty beneficiaries experienced little difficulty in obtaining almost all of their care in the MTF prior to the 1960s. Since that time, however, the number of retirees and other non-active duty beneficiaries has almost doubled. Today, the Military Health Services System (MHSS) provides medical care to over eight million beneficiaries. Due to the large growth in eligible beneficiaries, the MHSS does not have the capacity to provide health services within the direct care system to all of our non-active duty beneficiaries.

In addition, since the end of the Cold War, the Department has aggressively sought to reduce excess infrastructure. Over 58 hospitals will have closed or realigned. The Defense Health Program has also experienced approximately 12,000 normal bed

reductions during this period. These reductions account for a 43% decrease in beds and a 35% decrease in the number of inpatient facilities since 1988.

Mr. Thornberry: Many military retirees have been promised medical care on a "space available basis". Do you believe the DoD is acting in good faith by making such a promise and then dramatically reducing its health care capacity so as to effectively create a situation where there is little or no "space available" in which to care for military retirees?

Dr. Joseph: The Department believes it has an obligation to provide health care for all of our retirees but recognizes the continuing reductions in medical resources and infrastructure will result in less space available care. Currently, there is a bill that would amend title XVIII of the Social Security Act and Title 10, USC, to allow the Secretary of Health and Human Services to reimburse the Military Health Services System (MHSS) for care provided to Medicare-eligible military retirees and their family members. If Medicare subvention were passed, we would be able to enroll the over-65 retiree in our TRICARE Prime option, which would result in continuity of care, cost savings, and access to services for those retirees who want to remain part of the military community.

Mr. Thornberry: Do you believe the TRICARE system will make good on the promises (whatever you believe those to be) made to military retirees?

Dr. Joseph: Yes. Our change to TRICARE has evolved over a number of years, and with considerable legislative guidance and support, we are reaching the point where it is being implemented. TRICARE will continue to be evolutionary, addressing new difficulties and obstacles, as well as phasing in new methods and initiatives for improving the delivery of care to all military beneficiaries. Managed care programs in industry have demonstrated success in increasing access, quality, and curbing the costs of medical care. We believe our military managed care system will assist us to meet the needs of our military retirees.

Mr. Thornberry: How do you believe TRICARE will benefit military retirees, specifically relating to (a) the availability of health care services; (b) the cost of those services; (c) the ability to schedule and receive timely appointments in military medical facilities?

Dr. Joseph: TRICARE support contracts specify access standards that must be maintained. The network of providers can be expanded or contracted to ensure military beneficiaries have timely health care services both inside the military medical treatment facility as well as the civilian network. In addition, MTFs and support contractors will implement standardized, strong utilization management programs to reduce unnecessary care and ensure access to the appropriate level of care.

Further, I believe that for a given unit of civilian care, the TRICARE Prime (HMO) option and the TRICARE Extra (PPO) option offer clear cost reductions for our

beneficiaries. Also, the average annual out-of-pocket costs for our beneficiaries who enroll in TRICARE Prime will be lower.

We are firmly committed to achieving our program goals to improve access to care, reduce costs, and deliver even better quality programs than we did prior to reducing unnecessary health care utilization and meeting the health care needs of entire communities.

Mr. Thornberry: How will TRICARE specifically benefit military retirees over the age of 65 years?

Dr. Joseph: The military health services system currently provides medical care to active-duty personnel and their families, and retirees, survivors, and their families until the retirees reach age 65. At that point, retirees become eligible for Medicare and lose their eligibility for care under CHAMPUS.

However, under current law, Medicare-eligible retirees are still eligible to use the services of military treatment facilities on a space-available basis. According to the most recent data, some 324,000 full-time equivalent Medicare eligible retirees use MTF health care services. The actual number of users among this population is much higher, and use is concentrated in the pharmacy benefit and high-cost surgical services. The Department spends over \$1.4 billion per year on over-65 retirees, yet receives no reimbursement from the Health Care Financing Administration (HCFA) for that care.

The Department believes it has a moral obligation to provide health care for its retirees. We will continue to provide health care services in military treatment facilities, on a space-available basis, to Medicare-eligible retirees. With the continuing reductions in medical infrastructure, however, we believe space available will continue to shrink and these individuals will be forced to rely on fee-for-service providers in the civilian economy. This would be most costly for the government, especially for HCFA.

The most equitable way to resolve this problem would be to enroll over-65 retirees in the TRICARE HMO program and to seek reimbursement from HCFA for their care. This would ensure continuity of care and access to services for those retirees who want to remain part of the military community. It would allow DoD to fulfill its moral obligation to its retirees while providing good health care at a reasonable cost. And it would allow HCFA to control medical spending by enrolling Medicare-eligible retirees in an HMO program with costs significantly below fee-for-service care.

The Department has submitted a legislative proposal, currently under review by OMB, and legislation has been introduced in the House that would enable DoD to provide care to our Medicare-eligible beneficiaries and obtain Medicare reimbursement for the cost of their care.

Mr. Thornberry: The National Military Family Association argues that “TRICARE Prime must also allow dual military-Medicare eligible beneficiaries to enroll if they so choose. There must be no discrimination among groups of military retirees. They have all earned the same health care coverage as a result of their service in uniform.” Why is TRICARE not set up in this manner? Is it possible to do this? What would be the cost of implementing the NMFA proposal?

Dr. Joseph: As noted, Medicare subvention is a necessary precondition to offering enrollment in TRICARE Prime to dual military-Medicare eligibles. These dual eligibles have an earned entitlement to space-available care in military medical treatment facilities, along with an entitlement to civilian health benefits, under Medicare. CHAMPUS-eligible retirees have the same entitlement to space-available care, but their civilian entitlement is through CHAMPUS. Our initial design of TRICARE Prime focuses on those CHAMPUS-eligible beneficiaries, because both their military medical treatment facility care and their civilian care is funded by the Defense Health Program. We have not prepared detailed cost estimates for fully funding care for military-Medicare dual eligibles within the Defense Health Program.

Mr. Thornberry: How would Medicare subvention improve DoD’s ability to provide health care to military retirees over 65 years old? Does DoD have the capacity to treat retirees over 65 if Medicare subvention occurred?

Dr. Joseph: DoD could manage the care of beneficiaries over 65 in the same way as beneficiaries under the age of 65. All enrolled beneficiaries would be entitled to priority access within the MTF. To the extent that TRICARE health plans lower the cost of delivering health care, DoD will gain. In addition, out-of-pocket costs for enrolled beneficiaries over 65 are expected to be lower under TRICARE military health plans than under Medicare. Beneficiary organizations view the attainment of Medicare payments to DoD as one of their most important issues.

Mr. Thornberry: Many military retirees believe TRICARE is more expensive than the retirees can afford. Are you aware, or have you performed research on the ability of all military retirees to participate in TRICARE? How do you intend to provide medical care to retirees who cannot afford to participate in TRICARE?

Dr. Joseph: TRICARE makes medical care more affordable than under the existing health care system. All CHAMPUS-eligible military retirees, their family members, and survivors, have a statutory entitlement to space-available care in military medical treatment facilities, along with an entitlement to civilian health benefits through CHAMPUS. Standard CHAMPUS cost sharing requirements, established in title 10 U.S.C., feature a 25 percent beneficiary cost share for most outpatient and inpatient care, with a deductible of \$300 per family and a catastrophic cap of \$7,500 per family. TRICARE does not eliminate that option for beneficiaries, but instead offers two additional, lower cost options: (1) an enrolled, HMO-type option (TRICARE Prime) which requires a \$230 individual/\$460 family annual enrollment fee and replaces standard

cost sharing with a schedule of copayments featuring an \$11 per day hospital charge and a \$12 doctor visit charge; and (2) a non-enrolled PPO-type option (TRICARE Extra) which reduces cost sharing when beneficiaries use a designated civilian network of providers. Beneficiaries who choose not to enroll in TRICARE Prime retain their access to space-available care in military medical treatment facilities in addition to their entitlement to CHAMPUS.

Mr. Thornberry: Mr. Neil Singer states, "DoD would try to enroll as many active-duty families in TRICARE Prime as possible. As a result, retirees would receive even less access to the direct care system. Retirees age 65 and older and their families would not be allowed to enroll in TRICARE Prime, under provisions governing CHAMPUS eligibility." What kind of message does this send to our military retirees? What kind of health care can they expect to receive under TRICARE?

Dr. Joseph: We believe that we will provide even better quality care because of the built-in utilization and quality management programs. Also, health promotion and prevention are basic to managed care. We have approximately 8.3 million eligible beneficiaries. The capacity of our system is at least 6.3 million because this is the number of full time equivalent users reported in FY95. Our TRICARE Prime and Extra program is more elastic or flexible than the old system because of the expansion capability in the health care network developed by the contractors. This capability should enhance the ability to increase access to health care for all beneficiaries. Our priorities for care in the system are active duty, active duty families, and then all other eligible beneficiaries

Mr. Thornberry: Mr. Singer also states that "under DoD's plan to improve access to military facilities for enrollees in TRICARE Prime, some retirees - particularly those age 65 or older - would receive fewer benefits and might actually find their out-of-pocket cost increasing under TRICARE compared with today." Do you agree or disagree, why?

Dr. Joseph: In the aggregate, those who enroll in TRICARE Prime will find their costs are less than under the old system. However, for those retirees who totally depended on the MTF for their care, the expense of an enrollment fee plus cost shares for outpatient visits will increase. For those who previously depended on CHAMPUS and now plan to use TRICARE Prime, they will find considerable savings in their out-of-pocket costs. In comparing the costs of the military managed care program with those in the civilian sector, ours is a very competitive program. Currently, the majority of our health care is provided within the MTFs where costs are essentially free.

QUESTION: What is the anticipated impact of the Department's TRICARE Managed Care Program ?

ANSWER: The Department's current medical budget which includes full implementation of the TRICARE Managed Care Program reflects a 3.3% average annual growth rate from FY 1994 to FY 2001. For the same period, national health expenditures are projected to increase at an average annual rate of 6.9%. If the Department's medical budget increased at the national rate for the period FY 1996 to FY 2001, it would cost \$17 billion, or 18%, more than the current estimates.

STATEMENT BY

LIEUTENANT GENERAL ALCIDE LANOUE

THE SURGEON GENERAL

UNITED STATES ARMY

BEFORE THE

MILITARY PERSONNEL SUBCOMMITTEE

COMMITTEE ON NATIONAL SECURITY

U.S. HOUSE OF REPRESENTATIVES

FIRST SESSION, 104TH CONGRESS

DoD'S TRICARE MANAGED HEALTH

CARE PROGRAM

28 MARCH 1995

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Introduction

Mr. Chairman and members of the Committee, I am Lieutenant General Alcide M. LaNoue, the Army Surgeon General. It is a privilege for me to appear before this committee today to report on Army health care programs and discuss our plans for the future. I thank you for your continuing support of the Army Medical Department (AMEDD) and its efforts to provide the finest medical support to America's Army.

Reengineering

It has been my distinct pleasure to serve not only as Surgeon General but, as of October 1, 1994, as Commander of the new United States Army Medical Command, in San Antonio, Texas. This dual status serves as a clear example of how the AMEDD has changed in the past year and how we will continue to evolve in the coming year.

Before I tell you where the Army Medical Department (AMEDD) is headed, let me tell you where we have been. As I stated, we activated the new MEDCOM on 1 October 1994 replacing the old Health Services Command. We've down-sized the Office of the Army Surgeon General by over 75% to a staff of about 100 personnel. We have also created the U.S. Army Center for Health Promotion and Prevention Command (CHPPM) at Aberdeen Proving Grounds, Maryland.

We have reorganized Medical Research and Materiel Command (MRMC) to include acquisition, logistics, and facility planning functions. Finally, we have created regional Health Service

Support Areas (HSSA) whose task is to provide regional guidance and enhance the medical readiness posture.

I am continually amazed at the various reports we see and hear about military health care that purport the Military Health Service System (MHSS) is at "status quo" relative to the civilian sector. These studies falsely assume that the MHSS is static, waiting for some great push from an external source to propel it forward. Nothing could be further from the truth.

These studies also focus on the number of doctors as a measure of readiness. The plain fact is that it is the enlisted combat medic which is of equal or greater importance, and they have to have a quality environment in which to train. The HSSA provides that environment, by partnering with the Reserve Component.

The only thing "static" is our unwavering dedication to the American soldier, as we so clearly state in the AMEDD Vision Statement:

The Army Medical Department -- a world class system for total quality health care in support America's Army at home and abroad, accessible to the total Army family, accountable to the American people.

Simply stated, the first principle is medical readiness - the readiness to project and maintain a level of medical resources to ensure the health of the force, provide quality health services to all beneficiaries, and the capability to mobilize, deploy and sustain medical assets in support of any military operation.

Readiness

Since 1989 and the end of the Cold War, the number of field medical units and medical personnel for all Army components has declined considerably. Yet the Army still has over 150,000 soldiers overseas in more than 70 countries. Deployments for the Army have increased three-fold since 1990. During this time, the AMEDD has become a leaner, more flexible and supportive system.

In fact, I will focus my remaining two years as Surgeon General on improving the readiness posture of our active and reserve components. The AMEDD has already begun several initiatives to make this happen. A Memorandum of Understanding (MOU) is being negotiated with the U.S. Army Reserve Command (USARC) and Forces Command (FORSCOM) to enhance USAR readiness. This MOU came about because of the need for synergism between all components of America's medical forces - active and Reserve.

Some of the provisions of this MOU include verifying the clinical competency of all USARC health care providers, conducting Battle Focused Training Management functions for USAMEDCOM's War Trace units, and conducting medical logistics and bio-medical maintenance activities of USARC equipment and supplies. We are exploring similar initiatives with the Army National Guard to begin focus on NG readiness issues. The USARC and the MEDCOM are jointly committed to providing a seamless military medical force capable of supporting America's Army in

both peace and war.

The AMEDD continues to look for ways to enhance our capabilities while becoming more efficient. The Medical Reengineering Initiative (MRI) is an AMEDD-initiated redesign process to review the ten functional areas of the combat support system across the domains of doctrine, training, leader development, organizations, and materiel as they affect soldiers. The MRI will incorporate the design principles and parameters of Force XXI, organizing around information and leveraging technology to enhance our ability to provide combat casualty care across the operational continuum. Does this sound like an organization stuck in a "status quo" posture?

The military departments, under guidance from the Joint Chiefs of Staff and in coordination with the Assistant Secretary of Defense for Health Affairs (ASD(HA)) must remain in charge of this process because of the mission to develop, train, provide, and continuously adapt the medical combat support mission.

Managed Care Initiatives

The new DoD managed care program, TRICARE, will provide access to high quality, affordable health care, that provides choices. TRICARE is scheduled to be phased in over the next three years. The AMEDD, however, is not resting while awaiting this implementation schedule. The MEDCOM's FY 1994 business plans included over 200 initiatives to provide better access to care

for our beneficiaries. These initiatives include:

- 31 surgery
- 30 psychiatry/mental health
- 42 primary care/pediatrics
- 29 obstetrics/gynecology
- 10 cardiology

These initiatives required a total CHAMPUS investment of \$82 million. They resulted in a total CHAMPUS recovery of over \$124 million to the MHSS and a total CHAMPUS cost avoidance of \$42 million.

We are also very proud of DeWitt Army Community Hospital at Fort Belvoir, Virginia. DeWitt was a recent recipient of a National Performance Review Hammer Award for their Primary care Reinvention Plan. This plan will dramatically improve the way health care is provided to more than 140,000 beneficiaries in DeWitt's catchment area. The plan calls for establishing six new satellite clinics, expanded clinical hours to accommodate working parents, a 24-hour nurse advise system, expanded child and adolescent psychiatric services, and creating a special "Well Woman" clinic.

The Pharmacoeconomic Center at San Antonio, Texas, is another example of a recently introduced program that is paying big benefits. The AMEDD has been able to decelerate the inflation rate increases for pharmaceuticals for the past several years, but this year we cut the actual costs. Several factors were involved, but most of the reduction is due to simple good business sense.

Since we began to implement managed care, it is apparent

that the three services have learned much to help them improve the quality and quantity of medical services provided to their beneficiaries. As Gen Patton once said, "never tell people how to do things. Tell them what to do and they will constantly surprise you with their ingenuity." The fine officers, enlisted, and civilian personnel of the AMEDD continue to surprise me with their ingenuity and innovative ideas.

Graduate Medical Education (GME)

The AMEDD benefits tremendously from in-house GME. These benefits include providing specialty and sub-specialty care and potential increases in physician productivity due to the teaching environment. Other benefits include lower patient care expenses, the potential attraction of more qualified physicians to the academic environment that teaching hospitals provide, and a higher retention rate of physicians for those trained in military facilities, leading to lower acquisition and training costs.

Maintaining critical wartime skills cannot easily be accomplished during peacetime. State of the art Medical Centers with a variety of training programs and a diverse patient population, to include retired beneficiaries and their families, are absolutely essential if clinicians are to acquire and maintain skills crucial to combat casualty care in wartime.

Army GME programs have during the last forty years repeatedly demonstrated their excellence through their near 100%

accreditation rate; the success of the trainees and graduates in both in-service and board examinations; and the distinguished careers of their alumni in both military and civilian medicine. Vigorous GME programs ensure state of the art care for combat casualties and are key to the retention of quality physicians.

R&D Successes

The military medical research and development community has also contributed tremendously to both readiness and patient care. USAMRMC has unique expertise and facilities for all phases of vaccine development. This includes a Hepatitis A vaccine which was recently invented, tested and demonstrated safe and effective by Army scientists. This vaccine will be the first licensed by the Food and Drug Administration for use in the United States.

Units deploying to Somalia, the Persian Gulf, Macedonia, and Haiti received comprehensive advice books prepared by USAMRMC on avoiding local health hazards ranging from disease-carrying insects and poisonous snakes to contaminated food and water, heatstroke and frostbite.

In the area of peacetime medical research, MPMC has led a very successful effort in AIDS research, defense women's health research, and malaria, to name a few. The Army's successful management of \$235 million for breast cancer research in 1993 and 1994 has won high praise from both scientific and advocacy groups. The FY 95 Appropriations Act provided MPMC with another

\$150 million for breast cancer research.

CHHPM led the effort to develop an outside-the-boot parachute ankle brace that has significantly reduced jump-related ankle sprains common in airborne soldiers. All these research and preventive medicine initiatives are done in the name of improving soldier readiness, providing quality health care, and improving cost efficiencies.

New Technology

AMEDD medical centers have been the projection platforms for telemedicine initiatives. Using commercial off-the-shelf equipment, telemedicine enables medical personnel at remote locations to consult with a physician at a medical center and quickly obtain expert advice on critical or unusual cases. Telemedicine puts the diagnostic firepower of specialists into the hands of the deployed physicians in Somalia, Zagreb, Macedonia, or Haiti.

Many of our medical centers have ongoing telemedicine initiatives. The Army has established the Center for Total Access at Eisenhower Army Medical Center in Augusta, Georgia. That project links Eisenhower with the Medical College of Georgia and the Augusta Veterans Affairs hospital. The center is one more step in the Army's contribution as the DoD Executive Agent for telemedicine and its use of advanced medical communication technology.

At Madigan Army Medical Center, the first phase of Project Seahawk has been completed. Project Seahawk brings telemedicine to the Federal hospitals in Washington state, including the Department of Veterans Affairs and the Indian Health Service. Some of the non-deployment systems that have been established include Project Akamai, which links Tripler AMC with numerous locations throughout the Pacific Rim including Korea.

Brooke AMC in San Antonio, Texas, is setting up a telemedicine link with a large retirement community, USAA Towers, to provide easier access to care and information in-home for a primarily elderly population.

This country is being propelled into the 21st century at an almost breakneck speed. It gives me a great deal of pride to see the AMEDD setting the pace for advances in medicine as is its great history. Technology is being evaluated today for concepts such as telesurgery, and possible uses of robotics and virtual reality are also being actively explored.

A future scenario may very well include central monitoring of the medical status and location of each soldier on the battlefield through the wearing of a wrist watch-like device, and video images of injuries relayed by aidmen in the field to supporting physicians at the aid station. An early version of this latter concept is being used today in Macedonia.

Conclusion

The Army Medical Department stands ready, willing, and able to accomplish its combat medical support mission. We do this in peacetime in the following ways:

- our doctors, nurses, and other healthcare providers practice and hone their skills in everyday routine medical practice in preparation for war,
- keeping our soldiers healthy and fit at all times improves our readiness posture,
- soldiers' confidence that their families will be well cared for while they are deployed is a major morale factor.

The new Army Medical Department is a powerful arrangement of units, creative people, empowered commanders, and complementing staffs focused on carrying forward the great tradition of Army medicine. I am confident that with your continued support the AMEDD will be in great shape to meet the challenges of the future.

Once again, I appreciate the opportunity to appear before the committee and shall be happy to answer any questions you may have.

NOT FOR PUBLICATION
UNTIL RELEASED BY
THE HOUSE
COMMITTEE ON
NATIONAL SECURITY

STATEMENT OF
VICE ADMIRAL DONALD F. HAGEN, MEDICAL CORPS
SURGEON GENERAL
UNITED STATES NAVY
MARCH 28, 1995
BEFORE THE
SUBCOMMITTEE ON MILITARY PERSONNEL
OF THE
HOUSE COMMITTEE ON NATIONAL SECURITY

NOT FOR PUBLICATION
UNTIL RELEASED BY
THE HOUSE
COMMITTEE ON
NATIONAL SECURITY

INTRODUCTION

Mr. Chairman, thank you for the privilege of testifying before your committee and the opportunity to share our vision of the future of Navy medicine. I've discovered that those who seek excellence are bound by their willingness to embrace change. Navy Medicine is eager to move into the 21st century with positive change and unprecedented levels of achievement.

Navy Medicine's primary mission is medical readiness in support of the fleet and Fleet Marine Force (FMF). This medical readiness mission requires the Navy Medical Department to maintain a ready Navy-Marine Corps fighting force while at the same time maintaining the readiness of the Navy Medical personnel and equipment that deploy and serve wherever there are Sailors and Marines. Our readiness mission is comprised of two components: wartime support and day-to-day operational support to the fleet and Fleet Marine Force. A third distinct, but closely interrelated mission is the provision of peacetime health care to eligible beneficiaries. While we are not able to provide all the care our beneficiaries need within our military treatment facilities, that which we do provide is essential to the skills maintenance of our people who have rotated from duty with the operational forces or overseas and to train the people who will man the fleet in the future.

How Navy Medicine is accomplishing these elements of the overall medical mission is challenging, complex, and exciting. There have been major shifts in how we think about and deliver

medical support. We are adopting a much more holistic approach to managing our facilities, resources and programs. We are looking closely at how to better integrate our health services through collaboration with the Army and Air Force and participation with the civilian health care community. The integration of these elements will create a seamless health delivery system that will ensure mission accomplishment and enhance the medical benefit.

The drawdown of resources, both manpower and dollars, requires that we look for efficiencies throughout the system. Technological advances and innovative management offer great promise for improving the delivery and management of health care. The benefits of advances in technology, both from the civilian sector and through Navy research and development, touch every facet of our health care system. We are improving access to specialty care for isolated areas, enhancing the training opportunities throughout the system, saving travel dollars wherever possible, and providing important information for better understanding and treatment of certain diseases and injuries. Technology and innovation are allowing us to make better use of our resources and to extend services, both in quality and quantity.

Our ultimate success in meeting our readiness missions will be determined by the quality of our people. Navy Medicine is made up of people who, through their collective efforts and expertise, sustain the Navy Medical Department. I am fully

committed to maintaining this level of excellence by recruiting, training, and retaining the very best people. Only through their efforts can we support a ready Navy-Marine Corps team and provide the quality medical care they and their families deserve.

Readiness remains the "raison d'être" for Navy Medicine. We will continue to focus on providing the very best medical support to our Sailors and Marines.

OPERATIONAL SUPPORT

This year humanitarian missions and operations other than war throughout the world demanded significant medical support. Our work in the Caribbean is an excellent example of the multifaceted capabilities of Navy Medicine. I am proud to say that Navy Medicine performed superbly in every instance we were called upon.

One of our hospital ships, the USNS Comfort, was deployed to the Caribbean to provide initial support for screening, processing, and providing medical care to Haitian refugees. The Naval Hospital in Guantanamo Bay, Cuba, augmented by Navy medical personnel from around the United States, worked jointly with two Air Force Air Transportable Hospitals to provide support for the Haitian and Cuban refugee camps on U. S. Naval Station, Guantanamo Bay, Cuba. Approximately 80 Haitian and Cuban migrants were subsequently evacuated to National Naval Medical Center, Bethesda, Maryland, and Naval Medical Center, Portsmouth, Virginia, for further tertiary medical care that could not be provided in Cuba. Later in the year, USNS Comfort, as part of Operation Uphold Democracy, again deployed to the Caribbean to provide surgically intensive support to U. S. forces restoring democracy in Haiti.

For the past year, Navy medical personnel from Fleet Hospitals Five and Six staffed a 60 bed U. S. Field Hospital in Zagreb, Croatia, to support United Nations Protection Force

personnel. This platform was comprised of men and women from Navy medical and dental facilities from both the east and west coast of the United States with logistic support from the Seabees and Marine Security Force personnel. Teleradiology and interactive teleconsultation were used extensively to augment the care provided in Zagreb. The Fleet Hospital transmitted an average of 175 digital radiology images per week to Naval Medical Centers Portsmouth, Virginia, and San Diego, California. This technology offers exciting possibilities for improving and expanding our ability to provide quality specialty medical care to our remote medical treatment facilities, ships, Marine Corps medical units and small hospitals.

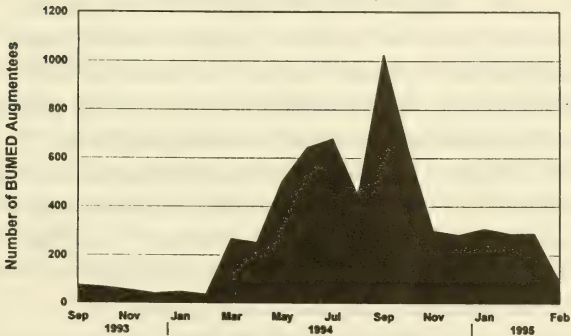
Navy medical personnel also played a role in numerous other humanitarian support and operations other than war.

Environmental health experts were deployed to the crisis in Rwanda. During Operation Vigilant Warrior, medical personnel supported and augmented Navy/Marine Corps forces deployed to Kuwait. Medical teams provided support for Operation Full Accounting, with general medical officers and Independent Duty Corpsmen providing primary medical support for MIA field search and recovery teams in Cambodia and Laos. Medical Mobilization Augmentation Readiness Response Teams (MMART) from Naval Hospitals and Medical Centers provided continuing support to the fleet for numerous exercises and operations such as Strong Resolve, Tandem Thrust, and Valiant Usher.

Navy medicine has also been active at home in disaster

relief. The floods in the Midwestern states saw Navy Disease Vector Ecology and Control Center teams deployed in support of the National Guard and Federal Emergency Management Agency. When Marine units were dispatched to Washington state to fight forest fires, Navy medical personnel were also there. In addition to these major humanitarian and operational missions, normal day-to-day peacetime operations required medical support for almost 600 other missions of varying requirements. Whether our national interests required a hospital ship, an overseas community hospital, or a stateside teaching hospital, Navy Medicine was ready and able to do the job.

BUMED Claimancy Support to Military Operations September 1993 - February 1995



Keeping up this tempo of deployment would not have been possible without our medical reserves. The deployment of USNS

Comfort in support of our humanitarian mission in the Caribbean required over 280 active duty medical personnel. Our Reserve Force Integration Office worked very closely with the medical programs staffs at Commander Naval Surface and Air Reserve Force to devise an innovative plan to divert medical Selected Reserves (SELRES), previously scheduled for annual training, to those hospitals and clinics hardest hit by USNS COMFORT's deployment. In addition to supporting COMFORT in the form of backfill, our continued mission in Zagreb involved eleven Naval Reservists. When volunteers were solicited from our four Reserve Fleet Hospitals, the response was gratifying. We were able to send highly skilled, trained professionals necessary to enhance the capability of the hospital in Zagreb. From my personal observations, I am proud to say our active and reserve members quickly blended into a most impressive integrated medical team.

The Navy's Central Credentialing and Privileging Activity in Jacksonville, Florida, was established to ensure that our reserve health care providers are privileged to provide care to our troops in the event of deployment. The activity has verified the clinical credentials and the current clinical competence of more than 70 percent of Navy Selected Reserve providers. Early in 1996 we will begin the consolidation of all privileging activities for both active duty and reserve providers in Jacksonville. This will assure that current information on the readiness of our clinical staffs is available in the event of any future deployment or conflicts.

As an increasing number of women are assigned to combat ships, squadrons and in support of our Marine units, their health care needs are being addressed. The Navy's proactive involvement in the Defense Women's Health Research Program has resulted in eleven newly funded research efforts designed to enhance Navy women's operational readiness. These efforts support continuous occupational studies and database development programs to evaluate the major health concerns of active-duty Navy and Marine Corps women. The cornerstone study is the development of a unique longitudinal database designed to detail demographic and medical information which will enable us to identify trends and concerns in women's health care. This database is a prototype for the development of an interactive tri-service database.

Finally, the Navy, in collaboration with the Office of Assistant Secretary of Defense (Health Affairs); the Army; University of California, San Diego; and the Department of Veterans Affairs, is launching three five-year studies to examine the effect of Persian Gulf War service on the health of our personnel. These studies, designed to help define a Gulf War Veterans' Syndrome, will target likely origins and associated risk factors. These studies will also help us to identify possible preventive actions in future conflicts.

Integrated Health Services

"Rightsizing" the Navy Medical Department has caused us to

take a critical look at our mission, delivery and management of care, infrastructure, staffing methodology, and resourcing procedures. The Navy is not performing this assessment in a vacuum. The Office of the Assistant Secretary of Defense (Health Affairs) and the other services are collaborating with the Navy on the evaluation of all common areas within the Military Health Services System (MHSS). The outcome of these self-assessments is a much more integrated system focusing on jointness and mutual support while making certain we can support the unique demands of the Navy and Marine Corps in a maritime environment.

Cooperation among the military services is inherent in the organization of TRICARE, DoD's regional managed care program for members of the uniformed services and their families, and survivors and retired members and their families. TRICARE brings together the health delivery systems of each of the military services, as well as the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), in a collaborative effort to better serve our patients and to better use the resources available.

Across the United States, twelve Regions have been identified, each administered by a Lead Agent. Each Lead Agent is the commander of one of the military medical centers in the region, and is responsible for the development, in unison with the other military treatment facilities in the region, of an integrated plan to deliver health care to the region's beneficiaries.

The Navy is the Lead Agent for Region 2, covering North Carolina/Southern Virginia area, and Region 9, covering Southern California. Region 1, encompassing the Northeastern portion of the United States, is directed by a rotating Tri-service executive board located in the National Capital Area.

While all regions are working hard to put managed care programs in place, Region 2 (Tidewater, VA area) has served as the prototype for patient enrollment, one of the critical elements of any managed care program. Region 2's experience in marketing and identification of automation systems to facilitate the enrollment process has provided valuable lessons for other regions around the country.

The Navy is working closely with the Assistant Secretary of Defense (Health Affairs) in streamlining Requests for Proposal and evaluating bids for regional managed care support contracts (MCSC). These contracts will provide the quality civilian health care beyond the capabilities of uniformed providers necessary to complete a seamless health benefit. We are eager to implement the contracts nationwide to eliminate any disparity of benefits resulting from geographic location. We expect all contracts to be in place by 1997.

Coordination and collaboration among the three services is occurring at the headquarters level; regionally, through the Lead Agent structure; and locally at each of our military medical treatment facilities. At the Headquarters level, we have stressed coordination with the other military services in

graduate medical education, staffing, technical training and other issues. On a regional basis, TRICARE Lead Agents work in concert with civilian contractors and service representatives to provide comprehensive managed care to our full range of beneficiaries. On the local level, Navy facilities have implemented innovative resource sharing agreements and partnerships with the Veterans Administration, civilian hospitals, and other military treatment facilities.

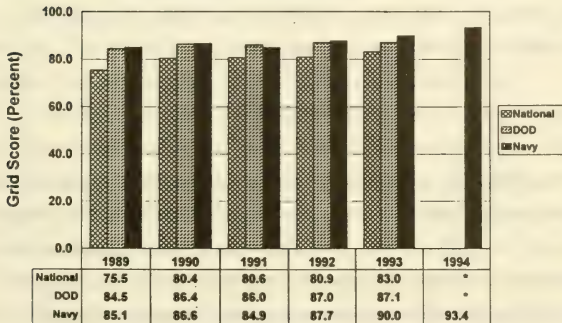
Navy Medicine is also reviewing its small hospitals, those with an average daily patient load of less than 50 patients, to identify opportunities to improve the efficiency of the system without degrading access to high quality care for our beneficiaries. Reallocation of under-utilized manpower from one military treatment facility to another to reduce expensive health care contracts, innovative health care arrangements with the civilian community, and aggressive management of overhead, have the potential for significant cost avoidance and efficiencies across the system. Regardless of the scope or complexity of any new health care initiative, access to quality care remains our utmost goal.

In 1994, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) initiated a major change in its standards and survey processes. It changed from an examination of the structures of organizations as predictors of success to an actual examination of an organization's performance. Through use of function-based, performance-oriented survey protocols, the JCAHO

has dramatically increased its interaction with all levels of personnel within the organizations they survey. Navy hospitals and clinics have responded in a commendable manner to this change, maintaining an excellent record of compliance with the revised JCAHO standards. I am particularly proud of our record. Navy hospitals and clinics achieved an average score of 93.4 percent on JCAHO surveys during 1994, up from 90 percent in 1993.

JCAHO GRID SCORE OUTCOME

National : DOD : Navy
Hospital Accreditation Services



*Data not yet available

One of our brightest success stories for controlling costs and increasing system efficiencies is the Prime Vendor Program. This program allows us to make large reductions in inventories of pharmaceutical and medical/surgical supplies, freeing up

operations and maintenance funds for other purposes. Other benefits of this program include fewer disposal costs, savings on open market purchases, and a reduction in ordering and processing time. Twenty regional pharmacy contracts have been awarded to cover the prime vendor requirements of the continental United States (CONUS). Prime Vendor pharmacy coverage will be in place by mid 1995 for Europe; Asia will be covered by the end of 1995.

Medical/surgical prime vendor contracts are in place at 20 Navy facilities. By the end of 1995, we expect to have full worldwide medical/surgical prime vendor coverage. Prime Vendor coverage for the operational forces is currently being tested in Norfolk, Virginia, for ships of the line, and at Camp Lejeune, North Carolina, for Marine Corps units.

TECHNOLOGY

Navy Medicine continues to exploit new technologies that equip our people with the tools necessary to perform our varied missions at sea and ashore. The exponential rate of change in technological advances necessitates a multi-disciplinary review of new devices, procedures and techniques. The Deputy Chief, Bureau of Medicine and Surgery chairs the Strategic Technology Planning Committee which was chartered to ensure integration of new technologies as indicated by mission requirements.

Our proactive stance and employment of telemedicine and digitized communications is an exciting addition to Navy medicine

and has proven to be an extremely valuable tool. The delivery of medical support, specialty care and training is now provided to the most remote regions of the globe, particularly aboard ship, where the practice of medicine is at its most isolated. As I mentioned earlier, telemedicine is being deployed, tested and enhanced in mission support roles. In a four-month period during a recent deployment of the USS George Washington to the Mediterranean and Indian Ocean, more than 30 medevacs were averted using teleradiology digitization technology. This one example avoided almost \$100,000 in medevacs and kept people on the job at sea.

Technological advances have also proven very beneficial in training. The operational training for medical department personnel is essential for ensuring they are capable of integrating into specific deployable units. Improvements in the use of existing technology, such as the standardization of data elements of the mobilization training database, will enhance efficient use of all resources for future response to medical augmentation support requirements.

Another area of rapid technological emergence is the use of virtual reality to test the effectiveness of new technologies in simulated environments. This technology will reduce costs, avoid premature deployment and ensure interoperability with existing systems. The latter is of particular importance in joint operations.

Navy research and development programs are also underway to

enhance medical care, safety and training performance for operational settings. The research includes "edge-of-the-envelope" ideas such as: Liposome Encapsulated Hemoglobin (LEH), a red blood cell substitute; hearing protection based on the principle that sound waves will not propagate through a vacuum; non-invasive eye-tracking device for studying instrument scan patterns; MEDTAG, a prototype electronic battlefield medical data collection device; and research into fabrication of universal donor blood for battlefield support.

MANPOWER AND PERSONNEL

Navy Medicine will continue to meet its commitment to our beneficiaries by structuring the most cost effective health care delivery system through careful integration of uniformed providers, civilian providers, and health care contracts. The reductions in our beneficiary base have not matched the reductions in active duty endstrength. The Navy Medical Department will reduce its current staffing levels as the Navy and Marine Corps continue to adjust their force structures. In this ever-changing personnel resource environment, we must ensure that sufficient uniformed providers are maintained to meet our readiness missions.

Navy Medicine has developed a manpower requirements tool to ensure appropriate medical support. This management tool accurately determines the uniformed personnel required for Navy

Medicine's readiness missions. It clearly defines, at the subspecialty level, the minimum number of Navy medical personnel needed to support our wartime and peacetime day-to-day operational requirements. The tool also allows us to calculate our sustainment requirements. Sustainment requirements provide for a continuous flow of qualified personnel into the operational forces and overseas activities as people attrite either from the Navy or from their current skill level and move to a higher skill level.

By basing manpower readiness requirements on the wartime and day-to-day operational missions, this management tool demonstrates the impact of changes on mission priorities. The ability to predict such impacts is a beneficial and useful strategic manpower management tool for future planning.

We continually monitor recruitment and retention incentives and refine them to attract and retain the best qualified health care professionals. Some specialties, including certified registered nurse anesthetists (CRNAs), maternal and child nurse practitioners, pharmacists, physician assistants, obstetricians & gynecologists, orthopedists, family practice physicians, and primary care dental officers remain as areas of concern. Even with aggressive recruiting, the disparity between civilian and military salaries for professionals continues to hamper both recruiting and retention. Although retention remained high, except for dental officers, through fiscal year 1993, we experienced higher loss rates for all medical field specialties

during fiscal year 1994. I am concerned about future retention.

Overall, opportunities in the Medical Corps for general training, graduate medical education, and promotion remain extremely good. These trends must continue, as they directly impact retention. We are working closely with the Center for Naval Analysis on numerous projects to improve projection techniques to improve our ability to meet our vision of the future of the Medical Corps. We are committed to increasing the number of minority health professionals recruited and retained in the Navy Medical Department with a goal of looking like our society.

Changes in Navy health care dictate a change in our nursing force structure and nursing opportunities for the future. Factors such as managed care, the increased emphasis on primary care and health promotion, and expanded opportunities for women in operational support are reshaping the Navy's health care system. Unfortunately, an out-of-balance Nurse Corps (NC) billet structure is hampering our ability to meet these challenges. Since implementation of the Defense Officer Personnel Management Act (DOPMA) in 1981 NC officers have not achieved and maintained promotion opportunity consistent with other Navy officer communities. DOPMA's grade tables are not effective for NC officers in providing viable career opportunities that attract and retain the number of high caliber officers we need. The practice of "borrowing" numbers from other communities to improve NC promotions has been helpful in the past, but will no longer be

available due to Navy downsizing. We are working with the Secretary of the Navy to alleviate the grade table restriction, which has resulted in promotion disparity for nurses in controlled grades (04 through 06). We are reviewing a possible adjustment to current DOPMA grade tables which would correct nurse promotion opportunity and timing and bring the Nurse Corps in line with DOPMA guidelines.

A serious threat to the vitality of the Navy Dental Corps (DC), long accepted as one of the nation's most cost-effective providers of quality oral health care, continues. The Navy Dental Corps ended fiscal year 1994 below desired endstrength despite our expanded recruiting efforts. Decreased retention of mid-career general dentists and specialists threatens the viability of the DC by eroding access to care, future leadership, and training. We must continue to press initiatives to enhance the competitiveness of military pay and provide quality of life and career opportunities that will compete with the civilian community, if we are to successfully recruit and retain qualified career dentists.

Our highly diverse Medical Service Corps (MSC) officers are playing key roles in redefining the delivery of health care in the next century. Interservice initiatives, as exemplified in the TRICARE Lead Agent concept, in other managed care programs such as the mail order pharmacy program, the Pharmacoeconomic Center and Triservice Formulary, Prime Vendor delivery services, and in medical research initiatives, have given MSCs the

opportunity to excel. As with other corps, however, the Medical Service Corps faces shortfalls in specific specialties, including optometry, pharmacy, physician assistants, and occupational therapists. The success and continuation of our scholarship programs are essential to meet the needs of our officer corps in this changing health care environment.

Our Hospital Corps and Dental Technician manning and morale remains excellent. Maintaining this vital force of enlisted personnel is essential to Navy Medicine's ability to meet its mission. During the past year they have proven that they are the backbone of Navy Medicine. These well trained enlisted men and women are ready to meet any world wide contingency. As our health care system changes, the training and education of this valuable asset must be preserved to meet our readiness mission. Hospital Corpsmen are not an asset that can be "bought" in the civilian sector; they truly are unique members of our Navy medical team.

EDUCATION AND TRAINING

Education and training are a critical component of a quality Medical Department. The Navy Medical Department provides initial training in technical areas and operational medicine, refresher and professional update training, graduate medical education, and leadership and management development.

In fiscal year 1994 we trained more than 9,000 Hospital

Corpsmen and Dental Technicians through our technical training programs which are accredited by the Southern Association of Colleges and Schools.

Our graduate medical education (GME) programs are an equally essential element of the Military Health Services System. Navy sponsored GME maintains full accreditation by the Accreditation Council for Graduate Medical Education (ACGME). We have begun integrating GME programs with the other services in geographic locations like the National Capital Region. The second annual Joint Service GME Selection Board, convened November 1994, introduced standardized procedures for selecting residency program directors for consolidated programs.

As we plan for the future, our focus is on projecting medical personnel requirements in support of the Navy's readiness missions. Nowhere has this been more apparent than in the process used to make our GME selections in 1994. For the second straight year, our training programs in primary care were 100 percent filled.

Much of our enlisted technical training is conducted cooperatively with the Army and the Air Force. The Navy continues to serve as the permanent chair of the Health Care Committee (HCC) of the Interservice Training Review Organization (ITRO). Together, the three services are examining additional possibilities for shared training to promote interoperability of personnel while still maintaining the capability of meeting service-specific requirements.

QUALITY OF LIFE

As we "rightsized", retaining high quality Sailors and Marines will depend on the quality of life that these individuals can expect. Navy Medicine's contribution to improving their quality of life rests primarily on the promotion of a healthy lifestyle. By promoting healthy choices and stressing disease prevention, we will enable our Marines, Sailors and their families to live a longer, more enjoyable life. Navy medicine's health promotion programs focus on physical fitness, tobacco and substance abuse prevention, back injury prevention, stress management, and improving nutrition.

The single most preventable cause of death and disease is tobacco use. The Navy Medical Department is educating Marines and Sailors about the hazards of tobacco use and offering programs to help them quit. The Bureau of Medicine and Surgery is working closely with the Chief of Naval Personnel and his staff to implement a comprehensive policy on health promotion issues. The Navy Medical Department is committed to providing our active duty members and their families proactive, medically based disease prevention and health promotion programs. One of the most important benefits of healthier lifestyles is the reduction in the cost of health care to the Navy and to the country.

Another way we have contributed to improving the quality of life is in the improvement of medical facilities for our

beneficiaries. With your support, construction is underway for the much needed new medical center in Portsmouth, Virginia. In addition, in 1994 we opened a new Naval Hospital at Cherry Point, North Carolina that we dedicated to Pharmacist Mate 2nd Class William D. Halyburton Jr., a Navy hospital corpsman who was awarded the Medal of Honor on Okinawa during World War II. However, the maintenance and repair of our existing medical and dental treatment facilities remains a challenge. Our backlog of deficiencies continues to grow as our inventory ages and ever more stringent facility standards are established. To ensure a safe and efficient environment for our patients and staff, your support for the fiscal year 1996 funding request for maintenance of real property is crucial even in this time of constrained resources.

Finally, through the generosity of Zachary and Elizabeth Fisher, we have Fisher Houses at Naval Medical Center, Portsmouth, Virginia; San Diego, California; and National Naval Medical Center, Bethesda, Maryland, that provide an invaluable service to the families of seriously ill patients. The Navy has accepted these facilities and currently funds operations through donations, fees and appropriated dollars. Families staying in these houses develop a strong bond through their daily interaction and mutual support. They often express gratitude that Mr. and Mrs. Fisher and the Navy care enough to provide the warmth and comfort that surrounds them.

CONCLUSION

As I finish my fourth year as the Navy Surgeon General and prepare to retire after more than three decades of service, I look back on a rewarding and exciting time for medicine, the Navy, the military and the nation.

Providing high quality, cost-effective health care to the millions of men and women who serve and have served in the United States military has never been more challenging. The Navy medical Department has taken this challenge on with vigor for as long as I can remember. Navy medicine is built for success. That we are ready to pave the road of excellence into the 21st century is the direct result of the dedicated, professional and diligent civilian staff, active duty members, and ever-present Reserve support. In my 31 years of service, it has never been more true that "our most important resource is our people." They are superb and have made my job as Navy Surgeon General extremely rewarding.

D E P A R T M E N T O F T H E A I R F O R C E

P R E S E N T A T I O N T O T H E C O M M I T T E E O N N A T I O N A L S E C U R I T Y

S U B C O M M I T T E E O N M I L I T A R Y P E R S O N N E L

U N I T E D S T A T E S H O U S E O F R E P R E S E N T A T I V E S

S U B J E C T: T R I C A R E

S T A T E M E N T O F: L i e u t e n a n t G e n e r a l E d g a r R . A n d e r s o n , J r .
S u r g e o n G e n e r a l o f t h e A i r F o r c e

March 1995

N O T F O R P U B L I C A T I O N U N T I L
R E L E A S E D B Y T H E H O U S E C O M M I T T E E
O N N A T I O N A L S E C U R I T Y , U N I T E D
S T A T E S H O U S E O F R E P R E S E N T A T I V E S

Mister Chairman and members of the committee, it's a pleasure to share with you the plans and progress of the Air Force Medical Service (AFMS) as we work with the Department of Defense and our sister Services to implement the TRICARE program. Medical readiness remains our number one priority, and our peacetime health care mission is absolutely essential to meeting the readiness requirements of the Air Force.

The AFMS peacetime mission provides a global platform from which we can respond to a full spectrum of contingencies anywhere in the world, and serves as a training base for our providers to ensure proficiency in their wartime skills. Through the excellence of our Graduate Medical Education Programs, we can recruit the quality and specialty of providers we need for wartime.

Equally important is the fact that we know best how to care for our warfighters and their families in the military culture. However, we recognize the need to continuously improve the efficiency and cost-effectiveness of our operations and the satisfaction of our patients. Thus, we are very enthusiastic about the TRICARE program and the improvements it offers military beneficiaries in obtaining affordable, quality health care in a timely manner.

Implementation of the basic tenets of TRICARE is well under way in the Air Force. These tenets include regionalization and lead agencies; managed care support contracts, a triple-option benefit, capitation financing, and utilization management. Our four Air Force lead agents are fully staffed and operational.

They are located at Lackland AFB, Texas, (Region 6); Travis AFB, California, (Region 10); Keesler AFB, Mississippi, (Region 4); and Wright-Patterson AFB, Ohio, (Region 5). Our lead agents have conducted local site visits to each of their region's MTFs and developed comprehensive regional health service plans for providing high quality, cost-effective care.

TRICARE managed care support contracts are being phased in over the next three years, with completion planned by May 1997. Region 10 is currently operating under a modified version of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) Reform Initiative contract, which did not include the role of lead agents. However, the current contractor, Aetna Health, has been very cooperative in helping the Services transition to the lead agent concept. For the Air Force, the first TRICARE managed care support contract that incorporates the role of lead agents will be awarded in Region 6 this summer. Region 4 is reviewing bidders' proposals under a single contract that combines Region 4 with the Army's Region 3 requirements. Region 5 is actively involved in planning and coordinating regional health care services, and will soon begin development of their request for proposals from prospective bidders.

As required by law, TRICARE offers beneficiaries a triple-option health care benefit. In December 1994, the Deputy Secretary of Defense approved the new TRICARE Prime benefit, formerly known as HMO Option A, as the Uniform Benefit. The Services are unified in their support for HMO Option A as the best benefit for our beneficiaries. It eliminates enrollment

fees for active duty families who choose to enroll and offers retirees and their families no deductible and significantly reduced civilian inpatient costs in exchange for a modest enrollment fee.

TRICARE Prime will be offered nationally wherever possible in conjunction with the start of the managed care support contracts. Today, and after the start of the contracts, all beneficiaries retain their choice of keeping standard CHAMPUS coverage. If they choose the TRICARE Standard option, but selectively use the network providers established for Prime enrollees, they receive a 5 percent discount off the standard CHAMPUS cost shares for visits to those network providers. In addition, these beneficiaries should see further savings when using network providers because these providers' charges are negotiated at a lower rate than standard CHAMPUS. This is called the TRICARE Extra option.

TRICARE will of course be available to those beneficiaries living in Base Realignment and Closure (BRAC) sites. Until TRICARE has been implemented in their respective locations, beneficiaries will have several health care alternatives. In addition to the standard CHAMPUS, CHAMPUS contracts are modified for BRAC locations to provide a preferred provider organization type of option, as well as a retail pharmacy network with reduced patient cost-sharing. Military beneficiaries who are age 65 and older and living in BRAC sites where the benefit is offered are eligible to use the retail pharmacy networks.

A mail-order pharmacy demonstration program has begun in

several designated locations throughout the country. The program is operational in California and Hawaii and two tri-state regions (Florida, Georgia and South Carolina; and Pennsylvania, New Jersey and Delaware). It will be implemented in 12 designated BRAC locations that are not covered by an existing at-risk TRICARE managed care support contract. The mail-order pharmacy demonstration will be expanded to two additional multi-state regions, and will ultimately be available nationally under the TRICARE support contracts.

The success of TRICARE depends in great part upon the capabilities and functionality of our information systems. The Composite Health Care System (CHCS) will provide a standard platform across all MTFs in each TRICARE region for patient information. CHCS permits long-term storage of patient information while allowing for immediate retrieval. The need to access information from a variety of different systems in a seamless manner is critical. The Corporate Executive Information System (CEIS) will facilitate this, plus present the information to non-technical users in a way that is easy to obtain and understand.

In the long term, using the Wide Area Network to aggregate data from CHCS will offer the opportunity to integrate each region's MTFs and provide a valuable tool to support lead agent decisions. The need for such a decision support system is critical: It directly impacts patient management by providing data on the patterns of care and patient outcomes linked to the resource consumption and costs associated with the health care

process.

I am happy to say we have made tremendous progress in deploying information systems to our Air Force MTFs. CHCS functionality is now in place at 60 out of 84 of our facilities. Patient appointment and scheduling, patient administration, pharmacy, laboratory and radiology CHCS modules are deployed to all Air Force medical centers except Wilford Hall, where deployment will be completed by May 1995.

We are also rapidly deploying the CHCS managed care program module to all our MTFs. This module provides an enrollment information systems platform for recording enrollment in TRICARE Prime and making specialty referrals and appointments. We expect deployment completion by Fiscal Year 1996.

Those sites with the managed care module are beginning to enroll active duty members into TRICARE Prime and assigning them to a primary care manager in the MTF. This early enrollment, before the start of the managed care support contracts, ensures our active duty members receive the highest priority for care in our hospitals.

In addition to CHCS, systems like the Provider Workstation and the Clinical Information System (CIS) capture essential patient data, assisting AFMS personnel to improve quality and effectively manage information. We appreciate Congress' support of the Provider Workstation and believe the CIS will prove equally valuable. This system focuses on capturing clinical care data and measures performance against national standards. Further, CIS can interface with CHCS and other automation

systems.

To complement our own automation systems, the AFMS strongly supports the use of Commercial Off-the-Shelf (COTS) products where they meet our needs. Several applications lend themselves to COTS. These include blood and anatomic pathology, patient care documentation (nursing), third party collection, Operating Room scheduling, and managed care decision support software. All of these systems tools I have described are vital as we implement our state-of-the-art managed care program, TRICARE.

In so many ways, we have found a new and better way of doing business. A key managed care principle we have adopted for all Air Force MTFs is capitation financing. All our facilities are given a population-based, annual fixed budget. By implementing capitation, we have eliminated our old workload-based system that rewarded increased production regardless of outcome. Our focus now is on using managed care principles to ensure the appropriate level of care.

The TRICARE program is a partnership involving all federal health care facilities. We continue to seek out new opportunities for joint ventures and sharing agreements with Department of Veterans Affairs (VA) hospitals wherever feasible. We are pleased with this program: It saves money and increases patient access to care. On the bottom line, it makes our patients happy, and that makes us happy.

Our joint ventures at Kirtland AFB, New Mexico, and Nellis AFB, Nevada, are proving very successful, and we are looking forward to the major expansion of the joint venture at David

Grant Medical Center, Travis AFB, California, planned for 1998. In addition, 36 Air Force MTFs currently have sharing agreements with the VA, resulting in an estimated DOD cost-avoidance of \$6.1 million.

We are exploring "right-sizing" initiatives at Air Force MTFs in an effort to ensure they are sized appropriately to the medical needs of the community, and are cost-effective to the government. The Reese AFB, Texas, hospital is our right-sizing prototype. It is drawing down inpatient services and creating a large ambulatory care facility that includes ambulatory surgery capability. We will use lessons learned from our Reese experience in future restructuring efforts at other Air Force MTFs that offer opportunities to improve and modernize our approach to health care delivery.

As we embark on the TRICARE program, the AFMS stands solidly on its foundation of quality care. Of our 98 MTFs, 62 are accredited by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO). Almost 18 percent of these facilities are accredited with commendation, as compared to approximately 10 percent of civilian medical facilities.

As participants in the Maryland Hospital Association Quality Indicator Project, Air Force inpatient facilities consistently maintain lower rates than all other participants in nine of the 15 indicators. For example, the Air Force has lower numbers of cesarean sections; total inpatient, neonatal and perioperative deaths; and unscheduled returns to the operating room. I'm also happy to share that years of study by the DOD

Civilian External Peer Review Program proved that the DOD health services system provides health care above established standards. Therefore, the program has shifted its emphasis to the analysis of product lines and patterns of care, to identify both "best clinical practice" and "best clinical outcome."

We in the AFMS are proud of our record and are committed to sustaining our hallmark of quality care in the challenging years ahead as we strive to make TRICARE a success for our beneficiaries. I extend my deep appreciation to the members of this committee for their support in this endeavor.



DoD HEALTH SERVICE REGIONS





National Military Family Association

6000 Stevenson Avenue, Suite 304
Alexandria, Virginia 22304
(703) 823-NMFA
FAX (703) 751-4857

Statement of

THE NATIONAL MILITARY FAMILY ASSOCIATION

for the Record of the

MILITARY PERSONNEL SUBCOMMITTEE

of the

HOUSE NATIONAL SECURITY COMMITTEE

MARCH 28, 1995

Not for Publication
Until Released by
the committee

The National Military Family Association (NMFA) is a nonprofit, predominantly volunteer organization with membership from the seven uniformed services, active duty, retired, reserve component and their family members and survivors. NMFA is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members.

Mr. Chairman, NMFA welcomes this opportunity to present its views on the military health care benefit. In 1992, NMFA proposed a Health Benefits Program for Military Beneficiaries. The Proposal includes the establishment of a Military Health Plan and the opportunity for military beneficiaries to participate in the Federal Employees Health Benefits Program (FEHBP). It also includes the establishment of a Health Care Allowance for Active Duty Personnel for their family members.

TRICARE

The National Defense Authorization Act for Fiscal Year 1994 required the Department of Defense (DoD) to establish a uniform HMO benefit to reduce out of pocket costs to military beneficiaries, and to provide a uniform benefit structure throughout the United States. DoD has proposed and is beginning to implement Tricare which is a triple option health plan intended to replace the Military Health Services System (military hospitals and clinics plus Champus).

Tricare was originally designed in the context of President Clinton's Health Security Act. In that context, Tricare offered a wide range of consumer choice and was given additional funding through Medicare reimbursement and employer mandates. Since the Health Security Act was not passed by Congress, Tricare will not receive the additional funding. In addition, consumer choice is severely restricted through Non-Availability Statement (NAS) requirements and the absence of civilian health plan options.

Tricare is not a uniform benefit. It is an attempted hybrid health program which will be offered to some, but not all military beneficiaries. Military beneficiaries who are over the age of 64 and are also eligible for Medicare are completely excluded from Tricare. Tricare Prime, which is intended to function as an HMO, will generally be offered only

in areas with significant MTF capacity. Even in areas where Prime is offered, enrollment will not be available to all active duty or retired families. Each MTF Commander will decide the requirements for enrollment. Some Commanders may offer enrollment on a first come-first serve basis. Some may offer enrollment based on rank or status. Some may offer enrollment based on a combination of these factors.

Enrollment in Tricare Prime will not guarantee access to treatment in military facilities. Each MTF Commander will further decide which enrollees will be assigned to a primary care manager in the MTF for to a primary care manager in the civilian network. The MTF Commander may decide to assign enrollees to the MTF based on rank, status, first come-first serve, or any combination thereof.

The cost sharing requirements for Tricare Prime are not uniform. Enrollees who are assigned to a primary care manager in an MTF will receive all their primary care at no cost. Enrollees who are assigned to a primary care manager in the civilian network will pay \$12 a visit for their primary care. (Active duty families at the rank of E-4 and below will pay \$6.00 a visit.)

In some areas of the country, depending on the capacity of the MTF, and the decision of the MTF Commander, all active duty families, regardless of the sponsor's rank could be assigned to the MTF, while all retired families are assigned to the civilian network. In other areas of the country, assignment to the MTF could be limited to active duty families up to the rank of E-5. All other active duty families plus retired enrollees could be assigned to the civilian network. In other words, in some areas of the country, families whose sponsors are at the rank of O-5 or above could be receiving their health care at no cost to them in an MTF while in other areas, families whose sponsors are at the ranks of E-5 and above could be paying \$12 a visit in the civilian network. Any scenario is possible, including situations where retired families are receiving no cost health care in some areas of the country, while active duty families are paying \$12 a visit in other areas of the country.

Active duty families will not be charged an enrollment fee/premium for Tricare Prime. Retiree and survivor families will be charged \$460 a year. Retired families who are over age 64 and also Medicare eligible are EXCLUDED from enrollment. Tricare Prime does not even come close to a uniform health care benefit for military beneficiaries.

The other two Tricare options are Extra and Standard. Extra is a preferred provider option which offers a 5% reduction in co-payments to beneficiaries who use providers in a DoD contracted network. Deductibles of \$300 per family are required. (Active duty families E-4 and below have a family deductible of \$100.) Co-payments for active duty families will be 15% and retirees families and survivors will have a 20% co-payment. Freedom of choice is severely limited and the purchase of supplemental insurance is recommended. Extra will not be offered in all areas of the country and dual military/Medicare eligible beneficiaries who are over age 64 are EXCLUDED.

Tricare Standard is the new name for Champus. The standard Champus deductibles apply and co-payments are 20 and 25%. The purchase of supplemental insurance is recommended. Freedom of choice is restricted by NAS requirements. NAS are required for beneficiaries in a catchment area for all non-emergency inpatient care and certain outpatient procedures. DoD has the authority to expand these requirements. It can add more outpatient procedures and could require consideration of availability of care in the civilian networks. Dual military /Medicare eligible beneficiaries who are over age 64 are EXCLUDED from Tricare Standard.

DoD has proposed a point of service option to Tricare Prime. It has imposed NAS requirements on this option. NAS requirements apply to Extra and Standard. **Tricare does not offer military beneficiaries a freedom of choice option.** MTF Commanders continue to control the marketplace. The choice of providers is theirs not the consumers.

The catastrophic cap under Tricare remains \$1000 per family per year for active duty families and \$7500 per year for retired families. Whether Tricare will reduce costs for military families is difficult to determine. Beneficiaries who enroll in Prime will be reluctant to drop their supplemental insurance policies. If they decide to disenroll in Prime, after a year, they would be subject to pre-existing condition exclusions when they need to purchase supplements for Extra or Standard. The cost of these policies should be factored into DoD's figures.

DoD will review the cost sharing requirements for Tricare Prime on a yearly basis. Beneficiaries, particularly survivors and retirees will be reluctant to commit to Prime, particularly if the enrollment fee must be paid up front. Monthly payments deducted

from a paycheck are the preferred method of payment. Many beneficiaries do not have \$460 at hand. DoD's plans to implement Tricare contracts at different times of the year raise an interesting question for the future. Is enrollment for Prime on a calendar year basis, a fiscal year basis, or a year from the date of enrollment? If cost sharing requirements are raised, will enrollment fees be pro-rated yearly? Will beneficiaries be allowed to disenroll before their year is up and have their fees refunded? The entire enrollment fee process should be rethought.

The co-payments for Tricare Prime should also be rethought. DoD proposes excessive co-payments to control utilization. This may have been appropriate before the advent of managed care. It is no longer appropriate. Managed care controls utilization through a primary care manager. It also encourages beneficiaries to seek care at the primary level so that higher cost specialty care can be avoided.

Co-payments should not act as a barrier to primary care. HMOs generally do not charge co-payments for outpatient visits, but if they do, it is \$5.00. (According to the 1993 HMO Industry Profile, 36% of enrollees pay nothing out of pocket for primary care visits and 37% pay \$5.00 per visit.) The \$12 per visit charge in Tricare Prime will force some families to forego primary care and attempt to seek care in emergency rooms at MTFs. They may need extensive care at the secondary or even tertiary level. DoD would do well to follow the example of successful civilian HMOs when determining the cost sharing requirements for its health plan.

The inequities in Tricare Prime must be addressed if it is to function as an HMO or a Military Health Plan. NMFA recommends a standard premium deducted from the pay check for all enrollees and minimal or no co-payments at the point of service. Active duty families should be given a health care allowance to help defray the cost of the premium. If the cost sharing requirements are standardized, there will be no need to prioritize assignment and Tricare Prime could be an integrated, seamless health plan.

Tricare Prime must also allow dual military/Medicare eligible beneficiaries to enroll if they so choose. There must be no discrimination among groups of military retirees. They have all earned the same health care coverage as a result of their service in uniform.

FEHBP

DoD has an obligation as an employer to provide a health benefit to military beneficiaries. In the past it has fulfilled its obligation by providing health care on a space-available basis. It can no longer provide health care to all military beneficiaries. The demographics of the military population have changed. Americans are living longer and the all-volunteer force has produced more married service members who start families. In addition, the end of the Cold War has brought reduced wartime medical requirements; reductions in personnel, and base closures and realignments.

Since DoD can no longer provide health care, NMFA believes DoD must make the shift to providing health care coverage to active duty members for their families, to survivors and to retirees and their families. NMFA believes the health care of active duty personnel is a readiness issue and does not include them in this shift.

NMFA believes military beneficiaries should be given the opportunity of choosing either a military health plan or any non-restricted plan from the Federal Employee Health Benefits Program (FEHBP). FEHBP is a market based, consumer driven cooperative. It offers seven national health plans and approximately 400 local health plans. It includes fee-for-service plans, preferred provider plans (PPOs) and HMOs. All federal civilian employees, retirees, survivors, including the U. S. Postal Service are eligible to participate. Participants may change plans one a year during an Open Season. **Military beneficiaries are the only federal employees or retirees who are not allowed to participate in the FEHBP.**

By offering health care coverage instead of rationed, space -available health care, DoD can assure active duty sponsors they may deploy secure in the knowledge their families have guaranteed access to health care through a plan of their choice. FEHBP HMO plans are premium based and generally do not require deductibles or co-payments. Military families can plan their health care costs in advance and not be forced to forego health care if they are short of cash. Active duty families who cannot accompany their sponsors to their duty stations may choose to live anywhere and have their choice of health plans.

Beneficiaries who choose to select an FEHBP fee-for-service plan will not be subject

to NAS requirements as is the case under CHAMPUS. They could have unrestricted choice of doctors and hospitals if they choose to bear more out-of-pocket expense than is generally required in an HMO or PPO. If they choose a PPO, their choice would be slightly limited and their costs would reflect these limitations.

Beneficiaries retain coverage under FEHBP when they become Medicare eligible, generally at age 65. Conversely, CHAMPUS coverage ends at age 65 and Medicare eligibles are not allowed to enroll in Tricare. Beneficiaries in this age group can combine Medicare with an FEHBP plan and obtain 100% coverage, including prescription drugs, for as little as \$100 a month.

FEHBP national plans are available to beneficiaries no matter where they choose to live. Retirees will not have to retire near a military base in order to receive their health care benefits. Military retirees who choose to live overseas are currently cut off from health care coverage when they reach the age of 65, because their CHAMPUS coverage ends and Medicare is not available overseas.

Military beneficiaries affected by Base Realignment and Closure (BRAC) can choose an FEHBP Plan and not lose their health care coverage when a base hospital or clinic closes.

FEHBP can co-exist with a Military Health Plan. Tricare Prime, with major adjustments in the cost sharing and enrollment requirements, could function as a Military Health Plan in selected areas. All eligible military beneficiaries should have the annual choice of a Military Health Plan or a Plan selected from the FEHBP.

FEHBP allows beneficiaries the choice of how they want to spend their money.

Payments for health care coverage are made through a monthly premium with little or no extra cost at the point of service (doctor's visits, prescription drugs, etc.). The amount of out-of-pocket expense is determined by the type of plan selected. Tricare, on the other hand, collects most payments at the point of service. Beneficiaries will make their choices based on their own needs.

HEALTH CARE ALLOWANCE

When DoD makes the shift from providing health care to military beneficiaries to providing health care coverage, it must provide a health care allowance to active duty sponsors for their families. Active duty families who are generally low-income, must be able to take advantage of plans offered in the marketplace through FEHBP. This allowance should be in addition to the government share of the premium paid for all other military beneficiaries.

SUMMARY

This is a time of change for many government programs. The opportunity to make significant improvements in the military health care benefit, coupled with cost savings to the government and to beneficiaries should not be missed. NMFA believes DoD's shift from providing health care to providing health care coverage will satisfy both beneficiaries and the government. Wartime requirements can be met through the continuation of the military medical system at whatever size is determined. This system, enhanced by contractor support, can offer a Military Health Plan to beneficiaries at selected sites. The FEHBP option will complete the military health benefit.

1996 NATIONAL DEFENSE AUTHORIZATION REQUEST

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Thursday, March 30, 1995.

The subcommittee met, pursuant to call, but the recording tapes that covered the March 30, 1995, hearing were lost. The letter of explanation from the Office of the Clerk along with other documents follow.

[The following information was submitted for the record:]

Robin H. Carle
Clerk

Linda S. Nabe
Deputy Clerk

Office of the Clerk
U.S. House of Representatives
Washington, DC 20515-6601
April 7, 1995

Honorable Robert K. Dornan, Chairman
Committee on National Security
Subcommittee on Military Personnel
2340 Rayburn House Office Building
Washington, D. C. 20515

Dear Chairman Dornan:

It is with deep regret that I must inform you that the recording tapes generated by the vendor who covered your March 30, 1995 hearing in room 2212 Rayburn Building have been lost, and the vendor will not be able to produce a transcript of the hearing.

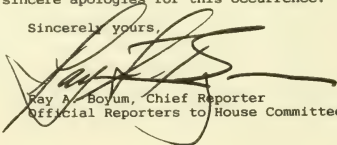
The contract vendor for hearings conducted before the Committee on National Security, C. A. Willie & Associates, has informed this office that the tapes that constitute the hearing conducted by your subcommittee have been lost. Further, the vendor sought to obtain tapes of the hearing that might have been recorded by C-SPAN, CNN or other news services, but to no avail. There were no other tapes made of the hearing.

I am very conscious of the time, effort and expense that goes into preparing for and conducting hearings before the committees of the House, and the necessity for safeguarding hearing documents and materials. It was inexcusable for this vendor to have failed to exercise due care in their responsibility to report and transcribe proceedings before your committee.

Presently, the status of C. A. Willie & Associates as the vendor designated for the Committee on National Security is being reevaluated with an eye towards determining whether a different vendor should be awarded the contract to provide stenographic services. Please be assured that action will be taken to prevent this ever happening again.

Please accept my sincere apologies for this occurrence.

Sincerely yours,



Ray A. Boyum, Chief Reporter
Official Reporters to House Committees

WITNESS LIST

MILITARY PERSONNEL SUBCOMMITTEE

Thursday, March 30, 1995
1:00 p.m., 2212 Rayburn House Office Building

Wartime vs. Peacetime Medical Requirements

Panel 1:

VADM James LaPlante
Director for Logistics
The Joint Staff

The Surgeons General:

LTC Alcide LaNoue
Surgeon General
Department of the Army

VADM Donald Hagen
Surgeon General
Department of the Navy

LTC Edgar Anderson, Jr.
Surgeon General
Department of the Air Force

Hon. Stephen Joseph, MD., M.P.H.
Assistant Secretary of Defense
(Health Affairs)
Department of Defense

Panel 2:

Mr. Mark Gebicke, Director
Military Operations and Capabilities Issues
National Security and International Affairs Division
General Accounting Office

Mr. Neil Singer, Deputy Assistant Director
National Security Division
Congressional Budget Office

For Official Use only
Until Released by the House Committee on National Security,
Manpower Subcommittee

STATEMENT OF
VICE ADMIRAL JOHN B. LAPLANTE
U.S. NAVY

DIRECTOR FOR LOGISTICS

THE JOINT STAFF

BEFORE THE HOUSE COMMITTEE
ON NATIONAL SECURITY

PERSONNEL SUBCOMMITTEE

MARCH 30, 1995

Remarks by
Vice Admiral John B. LaPlante, USN
Director for Logistics, The Joint Staff

Before the House National Security Committee
Personnel Subcommittee
30 March 1995

Mr. Chairman, distinguished members of the Committee, I appreciate the opportunity to be here today. My prepared statement provides a brief overview of what medical readiness is, the Joint Staff's interest in medical readiness, where we are at today, and concludes with an assessment of where I believe we are going in the future.

Preliminary to a discussion of medical readiness, there must be agreement on what precisely is under discussion. Medical readiness is a term which means many things to many people. To some it means only medical support to the operational forces deployed on contingency operations - only field medicine. To others, everything done on a daily basis within the entire Military Health Services System has a readiness aspect. The reality is probably somewhere in between, but agreement has been difficult, as there was no single agreed definition.

We have recently agreed on a definition . It is as follows:

Medical Readiness encompasses the ability to maintain and project the continuum of healthcare resources required to provide for the health of force; to mobilize, deploy, and sustain field medical services and support for any operation requiring military services; and to operate in conjunction with beneficiary healthcare



Medical Readiness


■ Definition:

- Medical readiness encompasses the ability to maintain and project the continuum of health care resources required to provide for the health of the force; to mobilize, deploy, and sustain field medical services and support for any operation requiring military services; and to operate in conjunction with beneficiary health care.

The Joint Staff and the unified commanders view medical readiness as a critical warfighting capability. Our interest is focused on operational aspects such as medical qualifications of healthcare providers, sustainment of military skills training for medical personnel, and medical equipment and logistics issues.

When we describe the system used to sustain field medical support, specifically the distribution of medical

capabilities and resources, we describe it in terms of echelons of care. Echelons of care describe capabilities which range from basic first aid to the most comprehensive medical center in the CONUS. These categories were developed during World War II and reflect the core philosophy which was current at the time. It has changed little since then.

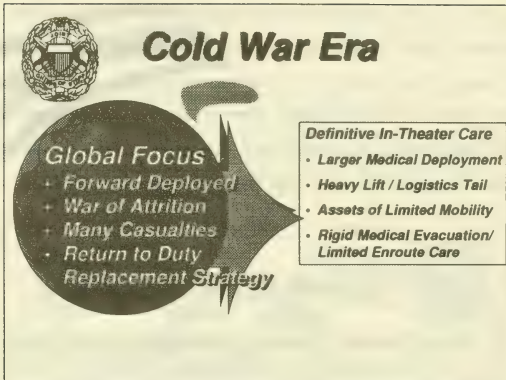


Echelons of Care

	ECHOLON 1	ECHOLON 2	ECHOLON 3	ECHOLON 4	ECHOLON 5
	First Aid	Emergency	Initial Wound	Definitive Surgery &	Surgery, Long Term
	Self Aid/Buddy Care	Life-Saving Surgery	Surgery & Post-Op	Rehabilitative Care	Care & Convalescence
ARMY	Battalion Aid Station	Forward Support Medical Company	Mobile Army Surgical Hospital	Field Hospital	Walter Reed
	Combat Life Savers	Area Support Medical Battalion	Combat Support Hospital	General Hospitals & CONUS Hospitals	Fitzsimons
	Combat Medics				Brooke
NAVY	Corpsmen	Primary Casualty Receiving & Treatment Ships (LHD/LHA/LPH)	Hospital Ship	Communications Zone Fleet Hospital	Bethesda
			Combat Zone Fleet Hospital		San Diego
					Portsmouth
USAF	Buddy Care Trained Personnel	SE Medical Units & Air Transportable Hospitals (ATH)	Contingency Hospital	Contingency Hospital & CONUS Hospitals	Walter Reed
					Walter Reed
					David Grant
USMC	Corpsmen	Collection & Clearing Company	(Uses Navy Assets)	(Uses Navy Assets)	(Uses Navy Assets)

Where We've Been


During the Cold War era, the United States planned a conventional war of long duration. It was envisioned as a classic war of force on force attrition. We expected huge numbers of casualties.



The in-theater medical support was sized to return many of these casualties to duty. In the protracted war which we expected to fight, the first draftees were not available for six months and the ability to return tens of thousands of soldiers to their units in-theater was of critical importance.

The return to duty strategy generated huge in-theater medical support requirements. We planned to hold a casualty in the theater for up to thirty days. This evacuation policy drove a requirement for tens of thousands of Army beds in Europe alone. It was a major factor in the development and deployment of our DEPMEDS field hospitals, some of which were pre-positioned to ensure they would be available when required.

The Department's medical capabilities never came close to matching its huge requirements.



Desert Shield/Storm: "A New Kind of War"

Decisive Force—Few Casualties—Short Duration

- ***Leveraged Technology - Air/Ground Advantage***

Largest Medical Deployment Since Korean War

- ***Luxury of 6 Month Buildup***
- ***63 Hospitals*** • ***2 Hospital Ships***
- ***10,713 Beds*** • ***Forward Medical Lab***
- ***Large Tactical / Strategic Evacuation System***
- ***Massive SELRES Augmentation In CONUS***

Desert Shield/Desert Storm

Operations Desert Shield/Desert Storm were our first major military deployments since the end of the Cold War. Desert Shield/Desert Storm were also the largest deployments of medical support assets since the Korean War. In all, we deployed 63 Army, Navy, and Air Force field hospitals and two Navy hospital ships with a total capability of 10,713 beds within the theater. Additionally, we activated a number of contingency hospitals within Europe.

In CONUS, the Department's medical system was augmented by huge numbers of medical reservists. In fact, as a group, the largest class of reservists recalled were medical personnel.

For the first time we deployed a Forward Medical Laboratory. Use of the deployed laboratory's diagnostic capabilities, combined with stringent preventive medicine measures, resulted in a disease rate among U.S. Forces which was less than 10% of what had been predicted.

All this is not to say that significant problems did not surface during deployment. In retrospect, we were quite lucky we had six months to sort things out before we began the ground war. Various GAO and DODIG reports, as well as Service Lessons Learned, describe the problem areas.



Desert Shield/Storm: "A New Kind of War"

Medical Shortfalls

- ***Many Personnel Lacked Readiness Training***
 - ***Few Familiar with Deployment Platforms***
 - ***Physicians Knew Little About Trauma Care***
 - ***Reserve Component Technicians Required Sustainment Training***
- ***Hospitals Lacked Essential Equipment***
 - ***60% Fill in 19 Pre-positioned Hospitals***
 - ***Some Hospitals As Low As 28% Stocked***

Many medical personnel were deficient in their medical readiness training. Physicians assigned to shipboard billets had no experience at sea, others assigned to forward deployed hospital units had never seen the units before and had no idea of what medical equipment and capabilities they contained. Fifty-eight percent of reserve hospital corpsmen required sustainment training before they were able to provide patient care.

Many medical units reported their hospital sets lacked equipment when they attempted to activate them.



Desert Shield/Storm: "A New Kind of War"

Medical Fixes

- ***Medical Readiness Strategic Plan (4-6 Year View)***
 - ***Addresses 90% of GAO/DODIG Problem Areas***
 - ***Aims to Drive Defense Health Program & Service POMs***
- ***Defense Medical Planning Guidance***
 - ***ASD(HA) Action to Put \$ Against Problems***
- ***Healthcare Provider Readiness Certification***
 - ***Drives Compliance in DOD/Service Training***
 - ***Uses Existing Credentialing Process***

The ASD(HA) and the Services have made progress in addressing the identified problem areas. The Medical Readiness Strategic Plan 2001 (MRSP), a long range plan to remedy the problems identified in Desert Shield/Desert Storm, was prepared at the direction of the ASD(HA). It is both comprehensive and specific.

Another strong step has been the publication of a medical planning supplement to the Defense Planning Guidance. The Defense Medical Planning Guidance (DPMG) states in unequivocal terms those readiness functions the ASD(HA) requires the programming of resources against.

Another area which shows great promise for bettering the medical readiness posture of the Department is medical readiness certification of military healthcare providers.

Attaining this certification will be a matter of formal training and field exercises - and it will require periodic updating.

Likely Future

Desert Storm should be viewed as predictive of the strategy which will carry us into the twenty-first century. We expect future conflicts to be of high intensity, and of relatively short duration. Short in the sense of comparison to the Warsaw Pact war; not necessarily in comparison to the lightning campaign of Desert Storm. The U.S. will bring overwhelming combat power to bear and make full use of high technology in order to quickly defeat the enemy and minimize our own casualties. This strategy will not produce a "bloodless war" but rather a significant reduction in casualties, especially when compared with Cold War estimates.



The Likely Future

- ***Reduced Casualties***
- ***Reduced In-Theater Medical Requirement***
 - ***Shorter Evacuation Policy (15 vs. 30 Days)***
 - ***Fewer Beds Required***
 - ***Return to Duty Shift from Theater to CONUS***
 - ***Pre-positioned Ashore/Afloat & Rapidly Deployable Medical Assets***
- ***Reduced Overall CONUS Medical Requirement***

BOTTOM LINE: Dual MRC Medical Structure Far Below Cold War Requirements

The changing military scenarios have also meant a difference in the medical support structure. Just as the combat power required to execute our strategy is less than needed to fight a global war against the Soviets, it follows that our medical requirements will be lower. A war of short duration will be much less dependent upon a return to duty strategy. As a consequence, the theater evacuation policy has been reduced for planning purposes from thirty to fifteen days.

The Congressionally mandated "Comprehensive Study of Military Medicine", also known as the "733 Study", was the Department's first attempt to quantify these post Cold War medical requirements. The study was led by OSD(PA&E), with active participation from ASD(HA), the Services and the

Joint Staff. It utilized the same methodology and planning tools used by the warfighting commanders in developing their operational plans. The report concluded that the current medical program is far in excess of that required to support two MRCs.

As part of the ongoing Joint Warfighting Capabilities Assessment (JWCA) process, the Joint Staff, in conjunction with ASD(HA), the Services, and the warfighting commanders, is taking a critical look at the way medical support is currently done. We want to ascertain whether there may be a better way, taking advantage of new and emerging technologies, to provide the medical support required by the operational forces.

Our deployable hospitals, while bringing an unequalled medical sophistication to field medicine, are too transportation and support intensive to successfully meet the warfighting commanders' requirements, particularly in the earliest stages of a conflict. We envision a modular medical system, which is lighter, smaller, and more transportable.



Summary

- **Adjust & Strengthen Medical Readiness**
 - Fully Implement Our Initiatives
- **Posture for 21st Century**
 - Key Part of JWCA System

To sum up, we have two things to do -- we must adjust and strengthen the current medical readiness system, and we must begin to position ourselves for the next century. The initiatives I have described, if implemented fully, will accomplish the first. And the second is being actively addressed in the context of our system of Joint Warfighting Capability Assessments.

RECORD VERSION

STATEMENT BY
LIEUTENANT GENERAL ALCIDE LANOUE
THE SURGEON GENERAL
UNITED STATES ARMY

BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE
COMMITTEE ON NATIONAL SECURITY

UNITED STATES HOUSE of REPRESENTATIVES

FIRST SESSION, 104th CONGRESS

PEACETIME VS. WARTIME MEDICAL REQUIREMENTS

30 MARCH 1995

NOT FOR PUBLICATION
UNTIL RELEASED BY
THE HOUSE NATIONAL
SECURITY COMMITTEE

Introduction

Mr. Chairman and members of the Committee, I am Lieutenant General Alcide M. LaNoue, the Army Surgeon General and Commanding General, U.S. Army Medical Command. It is a privilege for me to appear before this committee today to report on the Army's ability to meet wartime medical requirements. I thank you for your continuing support of the Army Medical Department (AMEDD) and its efforts to provide the finest medical support to America's Army.

As America's Army moves into the 21st Century, it is changing to meet the challenges that lay ahead. We remain firmly committed to Joint Doctrine as it evolves to meet the changing demands of our national requirements. To meet these requirements, it is imperative that we keep focused on the primary core competency of the Army - "Prompt and Sustained Operations on Land".

The AMEDD has one mission, readiness, stated as "to conserve the fighting strength" of the U.S. Army. This mission has two facets, both of which relate directly to the combat readiness of the U.S. Army. First, the AMEDD is responsible for maintaining the medical, clinical and technical readiness of medical units and personnel to support the Army in the theater of operations. The primary instruments of this function are the deployable medical elements of the Army, to include the Reserve Components (RC), which are assigned to U.S. Army Forces Command (FORSCOM) and theater commands around the world. Second, this function is directly supported by the fixed facility elements of the Army

which are assigned to the U.S. Army Medical Command (USAMEDCOM). This portion of the AMEDD involves patient treatment facilities, combat developments, AMEDD personnel proponency, education and training, research and development, and sustainment of medical skills and professions.

The AMEDD has never lost sight of its readiness mission. Direct medical support of combat troops in hostile situations is our primary focus. Our entire effort world wide at all times and in any setting supports this mission. Support to the Army's combat mission is complex, ongoing and encompasses numerous functions: direct medical care to soldiers and families; training in the form of skill development and maintenance such as graduate medical education and basic health care skills preparation; advanced professional degree preparation in the administrative and clinical fields; military and professional skill enhancement courses at all career stages; world wide practice in fixed facility and field settings; medical research; preventive medicine; dental services; and veterinary efforts are just a few examples of these functions.

Central to the maintenance of a quality, go-to-war ready combat service support force is the recruitment and retention of health care professionals and sustainment of their skills. This essential function can only be accomplished through the actual practice of medicine and its related disciplines in an actual patient care environment. In peacetime, the vast majority of the clinical complement of health care personnel who would deploy

with medical units are employed within the Army's fixed base hospitals and other health care facilities.

The need for medical support in the Continental United States (CONUS) increases as mobilization and deployment of forces into a theater of operations increases. This increase is not solely attributable to providing care to patients returning from overseas operations. Health care services must also be provided to forces mobilizing in CONUS, the forces associated with the expanding training base, and forces required to sustain CONUS missions. The interrelationship between peacetime and mobilization health care resources in the Army is inextricably linked. Under the Professional Filler System (PROFIS), the vast majority of the clinical complement of health care personnel required to staff deploying medical units are the same health care resources staffing the peacetime medical treatment facilities. This dual-hatting of health care personnel requires decentralized command and control with maximum command flexibility to maintain rapid force projection capability. Additionally, the AMEDD's reliance on the Reserve Components, which historically comprises approximately 70% of the Army's deployable medical support capability, requires a unique approach to incorporate the RC into the medical continuum.

The FORSCOM RC units deploy to the theater to support the in-theater wartime requirements. AMEDD TDA units provide the sustaining base to support the force. Included are Individual Mobilization Augmentees (IMA) to backfill deployed PROFIS,

matching reserve component units for deployed Caretaker units, and personnel for our expansion and mobilization station missions. America's Army can not fully deploy and accomplish its mission without the RC capability.

Medical readiness is dependent on maintaining an integrated health care system. An integrated health care system, which trains and maintains the medical deploying force, is sustained in peacetime by operating a comprehensive health care system in which wartime skills are used and medical personnel are fully challenged both technically and professionally. Recruiting and retaining physicians, nurses and other clinicians requires that they be able to practice their skills, maintain professional competency and have the continuing medical and personal soldier skill training required to be combat effective. The medical deploying and sustaining platforms require graduate medical education, enlisted clinical skill producing programs and a comprehensive range of patients on which to deliver care and practice in peacetime what must be done in wartime. For example, the surgeon who performs a gastric resection on a retired beneficiary is practicing for future repair of major abdominal trauma on the battlefield.

The best training method is a mixture of everyday care delivered to a broad mix of patients and targeted special training. Working on dependents and retirees really does provide excellent experience that translates to the field. The key is to balance the mix of providers so that any peculiar requirements

can be addressed. This requires a full range of health care professionals who regularly practice their particular skill - general medicine, infectious disease, psychiatry, general surgery, etc. in peacetime. Limiting health care delivery to the active component, a healthy and young population, would not provide necessary clinical experience or retention incentives. Medical professionals are retained because of the varied, challenging workload and the education and valuable training associated with our current peacetime patient base. Delivering peacetime health care is a cost effective by-product of what is required to meet wartime readiness. One should remember that a majority of our patients during a war result from disease and non-battle injuries, very similar to the array of illnesses and injuries that we see with our mix of active duty, family members, and retirees.

The direct health care infrastructure is an integral component of the readiness structure of the AMEDD. The medical centers and hospitals provide the training facilities for continuing medical education, graduate medical education for health care professionals, military occupational specialty continuing proficiency training for enlisted medical soldiers assigned to deployable units, and advanced military occupational specialty training for new medical soldiers.

While our system provides excellent clinical training and experience, improvement is needed to train medical personnel in field crafts and survival skills requisite to executing their

skills in a combat environment. Modern health care is a team effort and more time is required to integrate our physicians, allied health and nursing personnel into their "go-to-war" units and allow them to assimilate themselves to the units' field operations, supplies and equipment technology, medical administration and clinical operations. Improvements have been made and we are continuing efforts in this arena. We can point to the ever increasing demands for support to limited deployments such as the work with the Cuban refugees and the work in Haiti as examples of real world field training.

The AMEDD is transitioning into a smaller, more efficient organization with activation of the USAMEDCOM. This new organization links missions and functional areas to the organization structure, eliminating previous overlap, inefficiencies and operational voids. The Chief of Staff of the Army recently called this reorganization, "the first Force XXI Major Army Command".

While reorganizing, the AMEDD is becoming more efficient. We will have reduced our active duty military force structure by 31% by 1997. This is consistent with the overall Army reduction of 36%. Additional programmed civilian cuts will make the continued provision of cost effective care more challenging. We will have accomplished this through a total reengineering of the AMEDD that makes more efficient use of our assets and is consistent with the post-Cold War Army doctrine. This effort established the new command and control structure, better

integrates reserve components and active component medical forces and improves triservice coordination. We began our organizational transition in October 1993 and are operating under this new structure today. We can continue to meet all of the AMEDD requirements through our restructure efforts and by our implementation of capitation financing, utilization management, and managed care.

Medical support to combat troops has always been the primary reason for the existence of the AMEDD. Peacetime and wartime requirements are really inseparable. The AMEDD requires non-battlefield time, resources and capability to train, in order to maintain our readiness posture and to determine the best way to provide combat support. Part of seeing that soldiers are maintained in a high state of readiness involves providing them and their families with a quality of life that will attract and retain the brightest and the best of our citizens for our armed forces. While providing the health care component of that quality of life, we sustain the foundation of continuous training and practice essential to maintain the readiness of our force.

The MEDCOM is taking steps to improve the readiness of its active duty structure as well as the Reserve Components. A major effort has been devoted to redesigning and upgrading the mobilization process in response to lessons learned from Desert Shield/Desert Storm. The result is a leaner, more flexible and supportive system that enables the command to tailor its response to the requirements of the individual contingency operation.

A unit status report (USR) has been developed to measure the readiness and identify shortfalls within the TDA structure for both the Active and Reserve Components. The USR specifically measures those training areas found deficient during Desert Storm/Shield (field training on wartime equipment, Nuclear, Biological and Chemical (NBC) training, weapons qualification). Additionally, the status of personnel and equipment is measured against mobilization requirements.

The AMEDD is about to complete a Memorandum of Understanding (MOU) with the U.S. Army Reserve Command (USARC) to enhance USAR readiness. This MOU is a partnership that mutually supports the RC and the AC to enhance readiness. Some of the provisions of this MOU include verifying the clinical competency of all USARC health care providers, assisting in the establishment of a credentials program, conducting Battle Focused Training Management functions for USAMEDCOM's units, and conducting medical logistics and bio-medical maintenance activities for equipment/supplies utilized to improve medical support of USARC personnel. We are exploring similar initiatives with the Army National Guard. The USARC, NGB and MEDCOM are committed to providing a seamless military medical force capable of supporting America's Army in both peace and war.

The AMEDD continues to look for ways to enhance our capabilities while becoming more efficient. The Medical Reengineering Initiative is an AMEDD initiated redesign process in which panels of subject matter experts are reviewing the ten

functional areas of the combat health support system across the domains of doctrine, training, leader development, organizations, and materiel as they affect soldiers. These panels' will assess our ability to support a force projection Army. The Medical Reengineering Initiative will incorporate the design principles and parameters of Force XXI, organizing around information and leveraging technology, to enhance our ability to provide combat casualty care across the operational continuum. The results of this initiative will produce an AMEDD force that will be modular in design, strategically and tactically deployable, technologically advanced, and capable of providing quality medical care in both a joint and combined environment for the 21st Century.

The outcomes of the Medical Reengineering Initiative will impact the full spectrum of the Combat Health Support System and will have a significant positive effect on readiness. The AMEDD is exploring the value of Medical Communications for Combat Casualty Care (MC4) - a component of which is telemedicine - and its employment on the battlefield. Other initiatives include a medical command decision support system which will provide a capability to interactively develop the battlefield picture and enable the medical commander to make timely decisions and communicate those decision in a graphic format.

The medical Force XXI structure will be adaptable and flexible for all types of operations. Command and control and hospital organizations will have functionally emulative

increments which will allow easier flow into a theater without breaking the parent unit. The Medical Reengineering Initiative is also looking at a single type of hospital rather than the current three types.

Conclusion

The military departments, under guidance from the Joint Chiefs of Staff and in coordination with the Assistant Secretary of Defense for Health Affairs must remain in charge of this process because of the mission to develop, train, provide, and continuously adapt the medical combat support mission. Military medicine is one of the most cost effective areas of national defense. If we assume that health care is going to be provided to the beneficiary population, and that appropriated funds will continue to be committed toward this end, it is apparent that the day to day delivery of health care in military facilities has intrinsic value in terms of providing readiness should we go to war, as well as providing a real benefit. Resource savings in the peacetime arena allow for better training and improved readiness. The existing system, which is based on a continuum from peacetime to war is quite effective and accounts for both missions admirably.

Once again, I appreciate this opportunity to appear before the committee and shall be happy to answer any questions you might have.

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THE HOUSE
NATIONAL SECURITY
COMMITTEE

STATEMENT OF
VICE ADMIRAL DONALD F. HAGEN, MEDICAL CORPS
SURGEON GENERAL
UNITED STATES NAVY
MARCH 30, 1995
BEFORE THE
SUBCOMMITTEE ON MILITARY PERSONNEL
OF THE
HOUSE NATIONAL SECURITY COMMITTEE

NOT FOR PUBLICATION
UNTIL RELEASED BY
THE HOUSE
NATIONAL SECURITY COMMITTEE

INTRODUCTION

Mr. Chairman, thank you for the privilege of testifying before your subcommittee and the opportunity to share our vision of the future of Navy Medicine. I've discovered that those who seek excellence are bound by their willingness to embrace change. Navy Medicine is eager to move into the 21st Century with positive change and unprecedented levels of achievement.

Navy Medicine's primary mission is medical readiness in support of the fleet and Fleet Marine Force (FMF). This medical readiness mission requires the Navy Medical Department to maintain a ready Navy-Marine Corps fighting force while at the same time maintaining the readiness of the Navy Medical personnel and equipment that deploy and serve wherever there are Sailors and Marines. Our readiness mission is comprised of two components: wartime support and day-to-day operational support to the fleet and FMF. A third distinct, but closely interrelated mission is the provision of peacetime health care to eligible beneficiaries. While we are not able to provide all the care our beneficiaries need in our military treatment facilities, that which we do provide is essential to the skills maintenance of our people who have rotated from duty with the operational forces or overseas and to train the people who will man the fleet in the future.

How Navy Medicine is accomplishing these three pieces of the

overall medical mission is challenging, complex, and exciting. There have been major shifts in how we think about and deliver medical support. We are adopting a much more holistic approach to managing our facilities, resources and programs. We are looking closely at how to better integrate our health services and participation with the civilian health care community. The integration of these elements will create a seamless health care delivery system that will ensure mission accomplishment and enhance the medical benefit.

One of our most pressing challenges is continuing to provide cost-effective, high quality health care to all of our eligible beneficiaries while responding to our ever-present operational commitments. Navy Medicine will continue to meet its missions by structuring the most cost-effective health care delivery system through careful integration of uniformed providers, civilian providers, and health care contracts. Our ultimate success in meeting our readiness and peacetime health care missions will be determined by the quality of our people. Navy Medicine is made of people who, through their collective efforts and expertise, sustain the Navy Medical Department. I am fully committed to maintaining this level of excellence by recruiting, training, and retaining the very best people. Only through their efforts can we support a ready Navy-Marine Corps team and provide the quality medical care they and their families deserve.

MEETING OUR READINESS MISSION

In this ever-changing personnel resource environment, we must ensure that sufficient uniformed providers are maintained to meet our readiness missions. As budgetary and legislative pressures continue to "rightsize" the Navy, we will adjust our staffing levels as the Navy and Marine Corps reduce their force structures. To this end, Navy Medicine has put extensive time and energy into developing a manpower requirements tool to ensure appropriate medical support. This management tool, known as the Total Health Care Support Readiness Requirements (THCSRR) model, accurately assesses the uniformed personnel required for Navy Medicine's readiness mission. It clearly defines, at the subspecialty level, the minimum number of Navy Medical personnel to support our wartime and peacetime day-to-day operational requirements. The tool also allows us to calculate our sustainment requirements. Sustainment requirements provide for a continuous flow of qualified personnel into the operational forces and overseas activities as people attrite either from the Navy or from their current skill level and move to a higher skill level.

By basing manpower readiness requirements on wartime and day-to-day operational missions, the manpower management tool has the capability to demonstrate the impact of changes to mission priorities. The ability to demonstrate such impacts is a

beneficial and useful strategic manpower management tool for planning in the future.

While Navy Medicine has gained the ability to define the most efficient and effective mix of "blue suit" manpower readiness requirements, full implementation of this model will not be without its challenges. My staff will address complex issues involving training pipelines and personnel planning over the next five years as we drive toward total implementation of this model in fiscal year 1999.

Readiness remains the "raison d'etre" for Navy Medicine. Our main focus is to provide the very best medical support to our Sailors and Marines. As such, Navy Medicine is firmly committed to providing the very best training to our medical personnel who deploy in support of our operating forces. However, ensuring optimal platform-specific readiness training for our medical personnel continues to be one of our greatest challenges. Medical personnel assigned to our Fleet Hospitals and Hospital ships are required to complete programs designed to provide individual familiarization and functional team training specific to these platforms. Attrition rates and staff turnover prove to be a constant challenge in keeping these personnel well trained. Our operational tempo this year forced many of our medical treatment facilities to delay sending personnel to training in order to meet the requirements of the day-to-day operational mission. It is also important to remember that when we do send our medical personnel to their required readiness training, time

away from the MTF may adversely impact provider availability for the health benefit mission.

This year, humanitarian missions and operations other than war throughout the world demanded significant medical support. Our work in the Caribbean is an excellent example of the multifaceted capabilities of Navy Medicine. I am proud to say that Navy Medicine performed superbly in every instance we were called upon.

One of our hospital ships, the USNS Comfort, was deployed to the Caribbean to provide initial support for screening, processing, and providing medical care to Haitian refugees. The Naval Hospital in Guantanamo Bay, Cuba, augmented by Navy medical personnel from around the United States, worked jointly with two Air Force Air Transportable Hospitals to provide support for the Haitian and Cuban refugee camps on U. S. Naval Station, Guantanamo Bay, Cuba. Approximately 80 Haitian and Cuban migrants were subsequently evacuated to the National Naval Medical Center, Bethesda, Maryland, and Naval Medical Center, Portsmouth, Virginia, for further complex, tertiary medical care that could not be provided in Cuba. Later in the year, USNS Comfort, as part of Operation Uphold Democracy, again deployed to the Caribbean to provide surgically intensive support to U. S. forces restoring democracy in Haiti.

For the past year, Navy medical personnel from Fleet Hospitals Five and Six staffed a 60 bed U. S. Field Hospital in Zagreb, Croatia, to support United Nations Protection Force

personnel. This platform was comprised of men and women from Navy medical and dental facilities from both the east and west coast of the United States with logistic support from the Seabees and Marine Security Force personnel. Teleradiology and interactive teleconsultation were used extensively to augment the care provided in Zagreb. The Fleet Hospital transmitted an average of 175 digital radiology images per week to Naval Medical Centers Portsmouth, Virginia, and San Diego, California. This technology offers exciting possibilities for improving and expanding our ability to provide quality specialty medical care to our remote medical treatment facilities, ships, Marine Corps medical units and small hospitals.

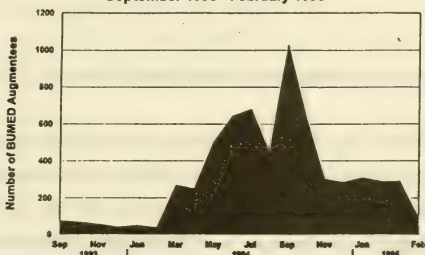
Navy medical personnel also played a role in numerous humanitarian support and operations other than war. Environmental health experts were deployed to the crisis in Rwanda. During Operation Vigilant Warrior, medical personnel supported and augmented Navy/Marine Corps forces deployed to Kuwait. Medical teams provided support for operations in Viet Nam and Cambodia to recover remains of American servicemen from the Viet Nam war. Medical Mobilization Augmentation Readiness Response Teams (MMART) from Naval Hospitals and Medical Centers provided continuing support to the fleet for numerous exercises and operations such as Strong Resolve, Tandem Thrust, and Valiant Usher.

Navy Medicine has also been active at home in disaster relief. The floods in the Midwestern states saw Navy Disease

the National Guard and Federal Emergency Management Agency. When Marine units were dispatched to Washington state to fight forest fires, Navy medical personnel were also there. In addition to these major humanitarian and operational missions, normal day-to-day peacetime operations required medical support for almost 600 other missions of varying requirements. Whether our national interests required a hospital ship, an overseas community hospital, or a stateside teaching hospital, Navy Medicine was ready and able to do the job.

BUMED Claimancy Support to Military Operations

September 1993 - February 1995



Keeping up this tempo of deployment would not have been possible without our medical reserves. The deployment of the USNS Comfort in support of our humanitarian mission in the Caribbean required over 280 active duty medical personnel. Our Reserve Force Integration Office worked very closely with the medical programs staffs at Commander Naval Surface and Air Reserve Force to devise an innovative plan to divert medical Selected Reserves (SELRES), previously scheduled for annual

Selected Reserves (SELRES), previously scheduled for annual training, to those hospitals and clinics hardest hit by USNS Comfort's deployment. In addition to supporting COMFORT in the form of backfill, our continued mission in Zagreb involved eleven Naval Reservists. When volunteers were solicited from our four Reserve Fleet Hospitals, the response was gratifying. We were able to send highly skilled, trained professionals necessary to enhance the capability of the hospital in Zagreb. From my personal observations, I am proud to say our active and reserve members quickly blended into a most impressive integrated medical team.

MEETING OUR PEACETIME HEALTH CARE MISSION

While providing the very best care to our operating forces around the world, our Navy medical team continues to ensure cost-effective, quality health care is available to all of our beneficiaries. The importance of this peacetime mission can be found not only in the sustainment of medical skills for our health care providers, but in the comfort it provides our operating forces in knowing their loved ones are being cared for back home. As the services continue to "rightsize", the reductions in our beneficiary population have not matched the reductions in active duty end strength. In order to meet the demands of our peacetime mission, Navy Medicine continues to be a proactive participant in TRICARE, DoD's regional managed care

program for members of the uniformed services and their families, and survivors and retired members and their families. TRICARE brings together the health delivery systems of each of the military services, as well as the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), in a collaborative effort to better serve our patients and to better use the resources available.

Across the United States, twelve Regions have been identified, each administered by a Lead Agent. Each Lead Agent is the commander of one of the military medical centers in the region, and is responsible for the development, in unison with the other military treatment facilities in the region, of an integrated plan to deliver health care to the region's beneficiaries.

The Navy is the lead agent for Region 2, covering North Carolina/Southern Virginia area, and Region 9, covering Southern California. Region 1, encompassing the Northeastern portion of the United States, is directed by a rotating Tri-service executive board located in the National Capital Area.

Coordination and collaboration among the three services is the key in meeting our peacetime health care mission. We see it working at the headquarters level; regionally, through the Lead Agent structure; and locally at each of our military medical treatment facilities. At the Headquarters level, we have stressed coordination with the military services in graduate medical education, staffing, technical training and other issues.

On a regional basis, Lead Agents work in concert with civilian contractors and service representatives to provide comprehensive managed care to our full range of beneficiaries. On the local level, Navy facilities have implemented innovative resource sharing agreements and partnerships with the Veterans Administration, civilian hospitals, and other military treatment facilities. These arrangements are cost-effective and improve health care access for our people.

Collaboration and cooperation among the military services in the TRICARE program and at all levels will continue to provide us the foundation necessary to manage to totality of care for all of our beneficiaries. Navy Medicine remains committed to these efforts as we meet the challenges of both our readiness and peacetime health care missions.

CONCLUSION

As I finish my last year as the Navy Surgeon General and prepare to retire after more than three decades of service, I look back on a rewarding and exciting time for medicine, the Navy, the military, and the nation.

Providing high quality, cost-effective health care to the millions of men and women who serve and have served in the United States military has never been as challenging. The Navy Medical Department has taken this challenge on with vigor for as long as I can remember. Navy Medicine is built for success and ready to

pave the road to excellence into the 21st century. The high quality of the Navy Medical Department is the result of the dedication, professionalism and diligence of our civilian staff, active duty members, and our ever-present Reserve support. In my 31 years of service, it has never been more true that "our most important resource is our people." They are superb and have made my job as Navy Surgeon General extremely rewarding.

D E P A R T M E N T O F T H E A I R F O R C E

P R E S E N T A T I O N T O T H E C O M M I T T E E O N N A T I O N A L S E C U R I T Y

S U B C O M M I T T E E O N M I L I T A R Y P E R S O N N E L

U N I T E D S T A T E S H O U S E O F R E P R E S E N T A T I V E S

S U B J E C T: W A R T I M E v s . P E A C E T I M E M E D I C A L R E Q U I R E M E N T S

S T A T E M E N T O F: L i e u t e n a n t G e n e r a l E d g a r R . A n d e r s o n , J r .
S u r g e o n G e n e r a l o f t h e A i r F o r c e

March 1995

N O T F O R P U B L I C A T I O N U N T I L
R E L E A S E D B Y T H E H O U S E C O M M I T T E E
O N N A T I O N A L S E C U R I T Y , U N I T E D
S T A T E S H O U S E O F R E P R E S E N T A T I V E S

Mister Chairman and members of the committee, I appreciate this opportunity to address the status of the Air Force Medical Service (AFMS) as we rapidly approach the birth of the 21st Century. We continue to support the line of the Air Force in its mission of Global Reach/Global Power/Global Presence, working closer than ever before with our sister Services to meet the diverse challenges of today's evolving world. The AFMS stands ready to serve the needs of our nation in response to the National Command Authorities, from providing medical relief to our foreign neighbors in times of crisis, to treating our deployed personnel in contingency operations, to caring for our family members and retirees at home. The successes of our wartime and peacetime missions are inextricably linked.

During 1994, the AFMS experienced the highest operations tempo since Operation DESERT STORM. Medical deployments doubled since 1993, with more than 2,500 medical personnel supporting global peacetime engagements, United Nations peacekeeping, and humanitarian relief operations. We deployed a total of five air transportable hospitals (ATHs) to support Rwandan relief efforts, Haitian/Cuban migrant operations at Guantanamo Bay, Cuba, and Cuban migrant operations in Panama. Three of these ATHs remain deployed. Medical forces also deployed to establish medical staging operations and aeromedical evacuation infrastructures within the Caribbean region for Operation UPHOLD DEMOCRACY and in Southwest Asia for Operation VIGILANT WARRIOR.

In early 1995, Air Force medics supported Operation UNITED

SHIELD in Mombassa, Kenya, establishing a Mobile Aeromedical Staging Facility and aeromedical evacuation services to evacuate remaining United Nations Protection Forces (UNPROFOR) personnel from Somalia. Air Force aeromedical evacuation crews also participated in Operation SAFE PASSAGE, transferring Cuban patients from Panama to Guantanamo Bay, Cuba. In addition, we continue to support UNPROFOR medical operations at Zagreb, Croatia, with a deployment of almost 150 Air Force medics in February.

Another contribution of the AFMS is the participation of our Independent Duty Medical Technicians (IDMTs) from the Pacific Air Forces (PACAF) in Operation FULL ACCOUNTING. These IDMTs are supporting multiple teams in Southeast Asia to recover, identify and return the remains of U.S. servicemen missing in action (MIA).

Finally, our personnel participate in ongoing rotations in Southwest Asia for Operations PROVIDE COMFORT, SOUTHERN WATCH, and DESERT CALM; in Europe for Operations DENY FLIGHT and PROVIDE PROMISE; and in Central America to support theater aeromedical evacuation and counter-drug operations. Throughout these high tempo operations, our Guard and Reserve counterparts have made vital contributions.

Over the past year, the AFMS has been in the process of "reengineering" medical readiness. We identified prevention, clinical intervention and aeromedical evacuation as the basic triad of AFMS readiness capabilities. During this process, we validated our pillar facilities, such as our air transportable

hospitals and clinics and aeromedical staging facilities (mobile and fixed). We will be making adjustments to these facilities to adapt their capabilities to our evolving global mission in concert with Defense Planning Guidance.

In the area of prevention, we will be developing methods to identify and mitigate threats in the environment and workplace. For example, we will be expanding preventive medicine practices to include identifying health risks in the field during deployments. This will provide valuable data for post-deployment follow-up as well as for future deployments. We are also working to develop on-site wing support for Nuclear, Biological and Chemical (NBC) threat identification and monitoring that will strengthen our predictive capabilities and maximize effectiveness in the NBC warfare environment.

To enhance clinical intervention, we are modularizing our field clinical capability to allow us to tailor care delivery packages in an economically and clinically efficient manner as an integral part of our Operational Plans (OPLANS). We will be able to provide augmentation teams for specialized areas of need, such as mental health or burn teams. This will enable us to make optimal use of our human resources in a contingency environment.

We are also redesigning our aeromedical evacuation (AE) system to better meet today's readiness needs. We are structuring it into three tiers of increasing capability. Nursing comprises the first and basic modular tier. We are adding physicians and updating equipment to add capabilities to

the second tier that will allow us to move more recently stabilized patients. We are also developing a sophisticated third tier capability to move intensive care patients on theater missions. This will require establishing critical care transport teams that may augment crews to move very sick patients to the rear. Our change in approach to AE will support the reduced forward medical "footprint" needed for a lighter, more mobile force.

We are also studying our AE hardware needs. Airframe availability projections indicate that our C-141 fleet will be reduced into the next century, with no projected replacement at this time. We are adapting to this situation by exploring contractual relationships within the Civil Reserve Air Fleet (CRAF) program, which may provide dedicated aircraft for patient movement with no front-load costs.

We are also incorporating the tenet that we may need to use non-traditional aircraft for our retrograde AE. In recent operations other than war, the AE system has provided support not only on "traditional" aircraft such as the C-130 and C-141, but also on alternative aircraft such as the KC-135, C-21 and aircraft of United Nations coalition nations. We are capturing information from missions on these alternative aircraft to ensure that in the future AE personnel have information available to them that will prevent compromise of medical care and safety when flying on these aircraft. Both the use of CRAF and alternative military aircraft will require modification to the training of our aircrews as we adapt to new ways of doing

business.

The Air Force continues to build on the strengths of the AE system and correct identified weaknesses. The Command Surgeon at Headquarters, Air Mobility Command (HQ AMC), has undertaken a review of the roles and responsibilities of the major components operating and supporting the AE system. The review will identify processes and facilitate coordination of changes to the system, with the goal of further improving AE support to our customers.

Through HQ AMC, we also continue to work with U.S. Transportation Command (USTRANSCOM) in developing and implementing the TRANSCOM Regulating and Command and Control Evacuation System (TRAC2ES). Once installed, TRAC2ES will provide real-time in-transit visibility of patients and equipment being moved through the AE system and will reduce administrative repetition within the patient movement process.

To achieve our plan to reduce our forward medical footprint, we have decreased the number of our prepositioned contingency hospitals in Europe and the Pacific. Today, our contingency hospital program has been reduced from nine sites to two sites in Europe, and from three sites to one site in the Pacific. Surplus materiel from the deactivated medical facilities has been used to meet other Air Force requirements or the needs of other Department of Defense (DOD) agencies. Materiel that cannot be used by other agencies has been identified to the Department of State for humanitarian assistance purposes.

The AFMS recognizes the importance of maintaining flexibility to meet the needs of the Air Force and our changing world. While decreasing the number of our prepositioned hospitals in Europe, we are increasing the capabilities of our ATHs. We have added resources to increase the level of care for non-battle injuries and have also improved the capability to support our female service members. A major program we have embarked upon is the outfitting of our mobile hospitals to operate in a contaminated biological and chemical warfare environment. Our medical facilities are being designed to support both the patients and staff for periods as long as 30 days without having to relocate in case of chemical attack.

In addition, modular equipment and personnel sets are being developed to allow medical commanders to choose additive capabilities to match the operational environment. The bed size of the ATH is available in increments of 14, 25, 50 or 90 beds. An iteration with 10 beds, known as the air transportable trauma center, is being developed. The growth from 50 to 90 beds will be accomplished with the hospital surgical expansion module, which includes an operating theater with two tables. Other expansion packages being considered are dentistry, optometry, obstetrics and various surgical specialties. These initiatives will offer greater flexibility in protecting U.S. interests in both wartime and humanitarian operations.

The Air Force Blood Program is a crucial element of our medical readiness mission. We continue to work closely with DOD and our sister Services to ensure our troops' blood needs will

be met in any contingency. Recently, a second Armed Services Whole Blood Processing Laboratory (ASWBPL) opened on the West Coast. This new facility and the one on the East Coast are situated in prime locations to provide rapid response for both liquid and frozen blood products.

The Defense Blood Standard System (DBSS) automated system is being installed in all Air Force Blood Donor Centers and transfusion services. The system, which is compatible with existing systems, supports donor registration, donor deferral (putting rejected donors on a data base for future reference), donor collection and blood processing. The system is designed for eventual wide area networking for effective donor deferral data base sharing, inventory control, transshipment, theater support, and look-back (review of past cases) for post-transfusion associated events. The Air Force has deployed 22 computer systems and will deploy 35 more in 1995.

In response to the many published reports criticizing medical readiness training in the military, I must emphatically state that Air Force medical readiness training is in excellent shape. The DOD Inspector General reported in August 1994 that "the Air Force program for providing initial and sustainment medical readiness training is by far the most effective Military Service initiative to date." In addition, the Air Force Audit Agency has just completed a review of our program and found that more than 95 percent of our personnel had current training documentation.

Lessons learned from Operations DESERT SHIELD and DESERT

STORM have been instrumental in finetuning our medical readiness training program. Recent training accomplishments include the establishment of a two-week Aeromedical Evacuation Contingency Operation Training Program to standardize AE Training, and expansion of our training on deployable assets to ensure our active duty and air reserve component (ARC) personnel are trained on the equipment with which they will deploy. Our revised program focuses active and ARC training on mission and specialty-specific requirements that will prepare our members for their actual role in a contingency operation. This is a crucial step in our goal toward a complete Mirror Force, where our ARC units are reconfigured to "mirror" active duty units to facilitate seamless transition when they serve as backfill to deploying active duty personnel or deploy themselves.

Certainly the most important factor in our medical readiness equation is our people. The AFMS continues to attract the highest caliber of health professionals through the outstanding efforts of the U.S. Air Force Recruiting Service. In Fiscal Year 1994, the Recruiting Service met or exceeded the Medical Service Corps, Dental Corps and Biomedical Sciences Corps recruiting goals. Medical special pays are having a positive affect on recruiting and retention of physicians, although we still have some difficulty attracting and keeping people in some provider specialties, such as family practice. In the past, the Nurse Corps has not successfully competed for certified registered nurse anesthetists (CRNAs), however, language in the Fiscal Year 1995 Defense Authorization Act

raising CRNA incentive special pay will help us recruit and retain these highly skilled professionals. We appreciate the efforts of the Congress in this area.

The Financial Assistance Program continues to be a resounding success. This popular program allows us to attract residents in difficult-to-recruit specialties. The Nurse Accession Bonus is a continuing success story, and we are delighted that Congress has extended this program through Fiscal Year 1996.

The retention rate of AFMS officers in Fiscal Year 1994 remained stable or showed slight improvement. The Biomedical Sciences Corps, Dental Corps and Nurse Corps reflected slight gains in retention, while the Medical Corps and Medical Service Corps remained relatively stable. Special pay programs, quality of life initiatives and satisfaction with Air Force medicine are just a few of the tangible contributors to the successful retention of our highly skilled professionals.

Having worked closely with our Graduate Medical Education (GME) program for many years, I would challenge anyone to find a finer program anywhere. It is truly the life blood of military medicine and our medical readiness program. Without our GME program, we cannot recruit the caliber of medical professionals we require to fulfill our wartime and peacetime missions. Further, the men and women who participate in our GME program "grow up" in the Air Force culture -- they are trained to respond to the unique needs of our members and their families, whether at home or on the battlefield. They also learn the

fiscally responsible approach to health care that has become so crucial today.

This past year was a watershed for GME, and we continued to expand our quality transformation. Along with our sister Services, we are dedicated to maintaining the highest possible quality and efficiency of our GME training programs in this time of budget constraints.

The second tri-Service GME Selection Board resulted in a 25 percent increase of inter-Service selection of trainees over last year's premier board. Recognizing the greater demand for primary care physicians as the Military Health Services evolve into TRICARE, we increased our pool of Family Practice trainees to meet future needs. We continued to support the use of deferred training programs to augment GME programs as a cost-savings measure.

We are working with our sister Services to identify GME programs that can be consolidated to eliminate duplication and improve service. We identified six GME programs in the San Antonio, Texas, area for integration between the Air Force's Wilford Hall Medical Center and Brooke Army Medical Center. Integration of duplicate programs enhances jointness interoperability and potentially the training experience. This is one of the many ways we are seeking to "right-size" the AFMS.

We know that optimal health and total fitness are force multipliers. Thus our goal is to empower and assist Air Force people to lead healthy life-styles. A key component in our support of our primary customer, the warfighters, is teamwork

with the line of the Air Force to build that totally fit and optimally healthy force.

We are forging a joint effort with Air Force Services to expand the Health and Wellness Center concept Air Force-wide. These centers offer "one-stop shopping" for physical fitness assessment and health promotion activities, such as counseling and education on proper nutrition, stress management and tobacco use cessation.

The Air Force fitness program is successfully motivating people to exercise regularly. In conjunction with Air Force Services, we convened a "fitness summit" meeting this past summer. Leading civilian and military authorities in the area of exercise evaluation and prescription met in San Antonio, Texas, to evaluate the Air Force program. They concluded that cycle ergometry provides a valid tool to measure and improve Air Force members' cardiorespiratory endurance. Furthermore, they noted that the Air Force fitness program represents a state-of-the-art application of assessing and improving the health of a large population. In the aggregate, we've seen a 10 percent improvement from 1993 to 1994 in Air Force members meeting or exceeding the Air Force fitness standard, a true testament to the program's success.

Because readiness begins with the individual, we've expanded our medical self-care initiative by training and educating Air Force members in the art of personal self-care and disease prevention. Air Force people learn to confidently address their minor health problems, understand when to involve

a health care provider, build a preventive health ethic, and become an active partner on their health care team. Key pillars to an effective self-care program include reference materials, self-care advisors and follow-up.

To reinforce our emphasis on prevention, we have established the Office of Prevention and Health Services Assessment (OPHSA) in San Antonio. OPHSA is working to improve the delivery of clinical preventive services such as immunizations, and screening and counseling to enhance early detection and treatment of disease. OPHSA is evaluating more than 20 projects related to intervention strategies and optimal resource allocation.

Recently, OPHSA, in cooperation with the Department of Health and Human Services, championed and conducted a tri-Service "Put Prevention into Practice" implementation conference. The goal is to begin integrating a benchmarked clinical preventive service into managed care operations. This campaign will facilitate building a culture where each encounter between the medical professional and the patient is seen as an opportunity to discuss healthy life-styles and preventive health measures.

Our preventive programs are not just geared to the active duty member. To the contrary, the health and well-being of our Air Force families is equally crucial to military readiness. Families must feel secure, and stable family life must be encouraged if we are to continue to demand and receive optimum performance from our active duty men and women. We know that

one of the most destabilizing influences on families is family violence, and we continue to take active steps to prevent it through our Family Advocacy Program.

Beginning with soon-to-be parents, we are reaching out -- increasingly, going right into the home -- to provide new parents training in infant and child development, parenting skills and couples communication. Our young parents experience a sense of success from the very beginning and are so positive about the program that they are telling their friends. Staffed by professional nurses and social workers who understand the special needs of our military families, these programs are showing great promise in reducing the potential for family violence. Our three-pronged approach of prevention, early intervention and treatment appears to be paying off. Research indicates that when Air Force child abuse rates are compared to the best estimates of civilian child abuse, we are holding steady at about half the civilian rate.

Spouse abuse is another area of family violence where the Air Force is heavily involved. We actively identify and intervene in spouse abuse and, while our rates of spouse abuse have been increasing over the past few years, our recidivism rates appear quite low. Our research continues to indicate we're making significant positive changes in the way abusers relate to their spouses. We also see abused spouses reporting increased levels of marital satisfaction and fewer problems with their mates after having received our services. In short, while we continue to seek improvement, our Air Force Family Advocacy

Program remains the envy of many of our civilian colleagues.

To complete our multifaceted preventive medicine program, our bioenvironmental engineers (BEEs) are dedicated to searching out hazards and eliminating them from the working and community environments. Our BEEs are the vanguards of a state-of-the-art occupational medicine program that provides continuous monitoring of all Air Force workplaces. They work closely with our public health officers and physicians to anticipate, recognize, evaluate and control health threats in the workplace, preventing occupationally related illnesses and subsequent mission degradation.

In addition, our BEEs promote compliance with Occupational Safety and Health Administration (OSHA) and Nuclear Regulatory Commission (NRC) health-related laws, rules and regulations. In fact, our existing programs dealing with lead-based paints, asbestos, radiation, radioactive materials, noise, and chemical/physical hazards in the workplace have been lauded by OSHA as "the best of the federal sector." We are also developing programs for ergonomics and indoor air quality that will go far in reducing workplace hazards and will pay off in happier, healthier workers, as well as reduced compensation claims and disability payments.

Finally, we are taking disease prevention to new levels, both industrially and environmentally, by implementing the Hazardous Materials Pharmacy program. Bases testing this program have proven its effectiveness in tracking and controlling hazardous materials, reducing use of those

materials, and ultimately substituting materials that are safer, healthier, and more friendly to the environment.

I'd now like to briefly discuss the Air Force contribution to the Persian Gulf Illness Comprehensive Clinical Evaluation Program (CCEP). The readiness of Air Force personnel requires our diligence in evaluating their health before, during and after deployment. In this light, the Air Force is working aggressively with the other Services, DOD, and the Departments of Health and Human Services and Veterans Affairs to evaluate and treat the health concerns of Persian Gulf veterans. Together, we have developed the CCEP for Persian Gulf Illness to address their health care needs.

DOD has completed evaluations on 5,000 participants in the program, and released a formal report on the first 1,000 in December 1994. The report stated that 16 percent of the first 1,000 participants were Air Force members. Of the total number of CCEP registrants, currently 15,000, the Air Force comprises approximately 10 percent, roughly equivalent to the percentage of Air Force personnel serving in the Gulf War. The report also stated that the majority of CCEP participants have clear diagnoses, which include a variety of conditions for which they are receiving treatment with favorable response.

DOD has established two Specialty Care Centers (SCC) for individuals who have completed the thorough medical work-up provided by the CCEP and require additional diagnostic tests, evaluation or specialized treatment for illnesses related to deployment. The two centers will combine the very best clinical

expertise and technology that the Services have to offer at four major military medical centers. The first SCC, in TRICARE Region 1, will combine the resources of Walter Reed Army Medical Center and the National Naval Medical Center-Bethesda. The second, in TRICARE Region 6, will join the resources of the Air Force's Wilford Hall Medical Center and Brooke Army Medical Center. The SCCs will allow for the consolidation of critical skills, specialty consultation and centralized data collection to assist those personnel for whom a definitive diagnosis is still elusive.

Data and experience gained from the CCEP will result in improved preventive medicine guidance before deployment; in-theatre surveillance, particularly for environmental hazards; and post-deployment health surveillance. We are committed not only to resolving the health concerns of our Gulf War veterans, but also to protecting the health of those who follow them into battle.

The final, crucial, factor in our medical readiness equation is our peacetime health care base. Thus, we are very enthusiastic about the TRICARE program and the improvements it offers military beneficiaries in obtaining affordable, quality health care in a timely manner.

I cannot emphasize too strongly the interdependence of our medical readiness and peacetime health care missions. Contrary to some reports, our peacetime health care system is essential to our ability to sustain medical readiness.

First, our peacetime capability around the globe provides a

platform from which we can respond to a full spectrum of contingencies anywhere in the world. This flexible response capability is key to the Air Force's mission of Global Reach/Global Power/Global Presence as our medical units deploy directly with their line elements.

Second, our peacetime health care system serves as a training base for our providers that ensures their wartime skills are state-of-the-art "when the balloon goes up." Air Force physicians, nurses, dentists -- and all our providers and technicians -- maintain currency in their skills as they provide hands-on care on a daily basis to our patients.

Third, Air Force medical centers train our new providers to be among the best in their fields, both as health care professionals and as Air Force officers. Air Force Graduate Medical Education programs allow us to recruit the brightest new talent in the medical community, and teach them to be responsive to the unique needs of our Air Force mission and culture.

Finally, study after study has shown that unit cost for care is lower in the military direct care system than in the civilian sector. We recognize that this savings may be countered by the "demand factor" -- that is, the lower costs for care will bring additional patients to the MTF. However, we have already instituted major changes in our system to offset the demand factor, such as capitation budgeting, business case analysis and utilization management. I am confident that these changes, coupled with the Air Force Medical Service's experience, talent and commitment to excellence, will ensure our

beneficiaries receive the best possible health care for the taxpayer's dollar.

We continue to reduce the size of the AFMS, or "right-size," where appropriate to deliver high quality, cost-effective patient care within the declining resource environment of DOD. We actively seek civilian contracts for services where they can be provided more cost-effectively than in our MTFs. In using these measures, we maintain the necessary balance between quality care and cost savings while preserving the crucial level of manning to perform our medical readiness mission within its peacetime health care support base.

In conclusion, I would urge our nation's leadership to recognize all of these factors when considering the issue of medical readiness. Our peacetime system is not just a "nice to have" institution -- it is imperative if we are to respond to the care of our soldiers at war. To the members of this committee, I offer my deepest gratitude for your support in meeting the needs of the Air Force Medical Service, and thus the needs of our patients worldwide.

Department of Defense Medical Readiness Posture
Statement by

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Mr. Chairman, Distinguished Members of the Committee, I am pleased to be here today to discuss our medical readiness posture and our plans for the future of the Military Health Services System. I want to address our requirements as presented in the President's fiscal year 1996 budget and then go into some detail about the programs which support our twin missions of readiness and everyday health care delivery.

Department of Defense leaders, throughout the years, have stated that people are our most valuable resource; a principle clearly espoused by President Clinton and Secretary Perry in their determined actions to improve the quality of life for all members of the Armed Forces. Among the components contributing to an acceptable standard of living is **health care**: health care for service members wherever and whenever that care is needed; and, health care at home that is easily accessible, of high quality and at reasonable cost for service members and their families.

Fiscal Year 1996 DoD Medical Budget

The medical portion of the President's Defense budget, \$15.4 billion, will afford us the resources to ensure that health care continues to be a successful contribution to quality of life in the military.

Of the total medical budget, almost \$9.9 billion is planned for the Defense Health Program to provide support for worldwide medical and dental services to the active forces and other eligible beneficiaries, veterinary services, medical command headquarters, specialized services for the training of medical personnel, and occupational and industrial health care. Health care services will be provided in 124 military hospitals and 504 clinics for a beneficiary population numbering 8.2 million.

Included in the \$9.9 billion are \$3.8 billion in costs associated with the Civilian Health and Medical Program of the Uniformed Services

(CHAMPUS). CHAMPUS is the program through which eligible patients may share the cost of health care purchased from the civilian sector.

In addition, \$288 million in the Defense Health Program provides for procurement of capital equipment for military medical treatment facilities and other health activities worldwide. It includes equipment for initial outfitting of new, expanded or altered health care facilities being constructed under major military construction programs; equipment for modernization and replacement of worn-out, obsolete or economically repairable items; equipment in support of CHAMPUS and medical treatment facility information processing requirements; and equipment supporting programs such as pollution control, clinical investigation, and occupational/environmental health.

The remainder includes the amounts requested for military medical personnel, almost \$5 billion, and medical construction at \$314 million.

Our fiscal year 1996 budget submission reflects strong commitments to readiness, quality of life issues and managed health care delivery. This submission represents a fully funded CHAMPUS and the phasing-in of the new cost-shares for the uniform HMO benefit. This submission seeks \$13.6 million for our Comprehensive Clinical Evaluation Program and research activities in support of our service members and their families who are suffering from illnesses thought to be associated with service in the Persian Gulf.

In the past, Congress, concerned with shortfalls in the medical programs, directed that the Secretary of Defense certify the adequacy of the Defense Health Program budget.

This direction resulted in a very careful and deliberate formulation of our budget submission. The key assumptions used in crafting the budget were that:

A. The proportion of eligible DoD health care beneficiaries who use the Military Health Services System will not increase above the current level,

B. Operation and Maintenance inflation occurs at the OMB/DoD projected rates (i.e., 4.1 percent composite),

C. The military departments' military end-strengths decrease as projected, and

D. The DHP military and civilian end-strength levels funded in the FY 96 budget are executed by the military departments as projected.

This submission is the third in which we have used a modified capitated methodology for resourcing the military departments. The methodology, updated in October 1994, is based on FY 94 base year costs. Rather than determining our capitation rate using the total number of eligible DoD beneficiaries, we estimate the number of those beneficiaries who actually use our system. That estimate is determined by a survey conducted semi-annually. The costs divided by the number of estimated users results in the capitation rate. We then adjust that rate for inflation and known changes from the base year.

DoD Health Care Leadership

Building the medical programs for the Department of Defense is an effort for which considerable negotiation, coordination and collaboration is essential. As the individual within DoD responsible for military medicine, I must have knowledge and an understanding of the pressures driving the military departments, the joint staff and the military "line" so that the medical programs will support their efforts. To this end, I re-energized the Defense Medical Advisory Council (DMAC). This council is composed of presidential appointees from each of the military departments, the vice chiefs of staff from the military services, and the Director of Logistics, J4, from the joint staff. Major policy issues of medical readiness and everyday health care delivery are considered and discussed at these sessions. In addition to being an opportunity for me to gain an appreciation for the current and planned activities of the military services and the joint staff, it is my occasion to inform these individuals about military medical issues, and how we plan to better support their readiness requirements.

Guiding the Military Health Services System in fulfilling its missions is the purpose of the TRICARE Executive Committee (TEC), which advises me on all matters pertaining to the military medicine. The TEC is chaired by my Principal Deputy and includes the three Surgeons General. Their activities involve developing military medical policy in support of the Armed Forces, or TRICARE policy. These efforts entail determining strategic direction and resolving major issues pertaining to both medical readiness and the everyday delivery of health care for all of our beneficiaries. As part of our renewed focus on medical readiness, the Director of Logistics, J4, will join the TEC when they address medical readiness issues. In fact, the current impetus of the TEC is to commit more time and energy to readiness issues and to increasingly delegate some of the everyday health care delivery issues to the lead agents. The TEC meets weekly and approximately once a month extends the meeting to include all of the TRICARE lead agents via teleconference. Service-unique issues will continue to be addressed within the services.

It is my belief that military medicine, today, has in place the leadership and tools necessary to guide, size and shape the Military Health Services System to meet its twin missions into the next century. Along with the senior advisory groups, we have the Defense Health Program, our capitated budgeting process, and management tools including those fundamental to TRICARE: regional organization, managed care, utilization management, and provider networks. Importantly, we have revised the Medical Readiness Strategic Plan to focus on the requirements necessary today for medically supporting the Armed Forces in carrying out the military objectives of our national security strategy.

Readiness

The world in which we live is charged with activity. It is neither settled nor predictable. Recent events have resulted in the crafting of a new national security strategy which recognizes that the interests of this nation remain global in nature, while the threats we face are more diverse. The President's national security strategy is one of engagement and enlargement. As the world's leading power, the United States must do all it can to deter aggression, promote peace, and foster the growth of democratic governments throughout the world.

For the Department of Defense, this new strategy underscores the need to be prepared for short-notice deployments in unusual, harsh, and/or austere environments with missions that range from war to contingencies to peacetime operations. Military medicine plays an integral part in this strategy today, and must be prepared to do so into the future. Today, we are providing medical support to:

- * the United Nations Protection Forces in Bosnia;
- * the peacekeeping and democracy building efforts in Haiti;

- * the Cuban and Haitian migrants in Cuba and Panama; as well as,
- * our day to day presence among our deployed forces at sea and ashore around the world.

With the military services and the joint staff, we have re-examined our military medical readiness capabilities in light of the new Defense strategy. No longer can we plan to deploy medical capabilities that consume an extraordinary amount of lift or that are difficult to relocate once situated. We must plan for mobility, technological innovation, efficiency and joint service operations. With these objectives, we identified broad functional categories needing attention, and formulated task requirements within each functional area describing what must be done and who has responsibility to do it.

Results of this medical readiness evaluation are detailed in the Medical Readiness Strategic Plan 2001. With this plan we have a coherent framework for tackling a diverse and complex array of readiness issues. After thoughtful debate we selected from among the 42 action items the six we believe should receive the highest priority, near-term attention. Our objective is to quickly accomplish these action items, some of which will assist in achieving still others, and move on to the next grouping. The first six include:

Joint/Combined Medical Planning. Involved in this action plan are tasks to ensure medical planning is incorporated into Service doctrine, to integrate service medical doctrine, and to place qualified medical planners in key and strategic planning positions. This action item also includes the requirements to develop integrated medical force packages capable of responding to any type of crisis or operational mission.

Information Management. The tasks for this action plan are to develop and deploy a seamless medical information support system that can

be transported to and used in a contingency area. This support system will need to handle multiple and varied information requirements. Two examples are PACMEDNET in the Pacific theater and pre-deployment, deployment and post-deployment surveillance capabilities.

PACMEDNET is a computer-based patient record enhancement to the Composite Health Care System, together with supporting telecommunications upgrades for a Pacific-focused regional testbed. The objective is to facilitate patient care throughout the Pacific in any operational circumstance.

Our surveillance capabilities will be detailed in a military public health/preventive medicine policy which expands and integrates health activities related to deployment operations. The goal is to provide increased protection of military personnel from hazards associated with military operations.

Joint Medical Logistics Planning. Tasks included in this action item include developing a standard medical readiness reporting system, identifying materials essential to support deployments for any contingency operation, and validating transportation capabilities to support medical logistics requirements.

An example of what this action item will achieve is the Single-Integrated Medical Logistics Management concept. This concept places responsibility with one military service to provide medical equipment and supply support for all medical units in an area of operations. Currently this single manager for medical logistics concept is incorporated in the plans for all potential major regional conflicts.

Impact of a Shorter Theater Evacuation Policy. This action item acknowledges the changed requirements for today's Armed Forces; units will be deploying rapidly, they will be highly mobile, and their stays will be much shorter than in the past. The tasks include definition of evacuation

requirements and development of enhanced capabilities. The new concepts are major tenets of the on-going Joint Warfighting Capabilities Assessment process, led by the joint staff.

Medical Readiness Oversight. This action item strengthens the oversight function by involving senior leadership within DoD in medical readiness and ensuring that medical issues gain senior "line" visibility. Re-activating the DMAC and concentrating the attention of the TEC on medical readiness are significant steps toward achieving this action item.

Standard Processes to Monitor and Ensure Personnel

Deployability. This action will have us formulate a single set of medical fitness standards for all of DoD, ensure their consistent application, and create the mechanism to afford timely and accurate reporting. Compliance with standards will be jointly reported monthly by the military services and evaluated by the joint staff and the Commanders-in-Chief of Unified Commands to assess personnel and unit capabilities.

As we progress through the action items of the Medical Readiness Strategic Plan 2001 our medical readiness capabilities will continue to sharpen in order to support our forces deployed to meet our national security objectives.

Persian Gulf Illnesses

Lessons from Operations Desert Shield and Desert Storm have highlighted and helped to clarify the need to enhance medical surveillance and preventive medicine policies and programs. This Gulf War also is the central focus for a number of service members who served during the War and now are experiencing a variety of health concerns.

Moving to address their concerns, the Department of Defense undertook a multifaceted medical effort to care for these patients and to discover the causes of the unexplained illnesses. This effort, although clearly deriving from operational requirements, is one we could not have undertaken without our medical resources committed to our mission of everyday health care delivery.

First, we developed and are now conducting an aggressive, comprehensive clinical diagnostic program offering intensive examinations to active duty and reserve veterans who are experiencing illnesses which may have resulted from service in the Gulf. Both the Secretary of Defense and the Chairman of the Joint Chiefs of Staff encouraged active duty members to participate in the Comprehensive Clinical Evaluation Program (CCEP), and we set up a "hot-line" to facilitate access.

At present, over 15,000 people have registered, and of the 5,810 patients who have completed evaluations, 2,074 have had their records reviewed, validated and entered into the CCEP data base. By the 1st of June, we expect to have completed and validated the records for 10,000 patients who have registered for the CCEP.

Our preliminary findings, based on the 2,074 CCEP patients with validated evaluations, reveal 84 percent have a clear diagnoses which represent a broad range of clinical entities and explain their conditions. Infectious diseases account for relatively few diagnoses, while 21 percent have psychologically related medical conditions. There are about 16 percent who have completed the CCEP evaluations and have ill-defined symptoms and no clear diagnoses. These patients will receive further evaluations.

Based on our experience to date, with this sizable number of patients from across the United States and overseas, we have no clinical evidence for a new or unique agent causing illnesses among Persian Gulf veterans. These

preliminary findings are consistent with the conclusions of a National Institutes of Health Technology Assessment Workshop that found "...no single disease or syndrome...apparent, but rather multiple illnesses with overlapping symptoms and causes." Moreover, the Defense Science Board determined that there was insufficient evidence that supported a coherent 'syndrome.' Further, an independent review of DoD clinical and research efforts concerning the Persian Gulf War was conducted by Dr. Harrison C. Spencer, Dean of the Tulane School of Public Health and Tropical Medicine. Based on the information available at the time, Doctor Spencer concluded that there did not appear to be a single cause of the many symptoms being experienced by Persian Gulf veterans.

We have established two new Specialized Care Centers, one in Washington D.C., at the National Naval Medical Center and Walter Reed Army Medical Center, and the other in San Antonio, at Wilford Hall Air Force Medical Center, and Brooke Army Medical Center, in order to conduct additional examinations and provide treatment for those who do not have a clear diagnosis.

Next, we asked the Institute of Medicine (IOM) of the National Academy of Sciences to assess and make recommendations on both the process of the evaluation program and the case findings. The IOM panel of experts from across the country is conducting the assessment in four increments, with a final report by mid-year in 1995.

In addition to the clinical evaluation program, we have a number of research projects underway to examine the spectrum of health problems posed by veterans from the Persian Gulf War. Many of these projects are singly focused, others more broadly targeted and are using control groups. The Departments of Veterans Affairs (DVA) and Health and Human Services (DHHS) are collaborating on a number of these research efforts. Additionally, the DVA is conducting a similar comprehensive clinical evaluation program for all veterans not eligible for military health care.

Overall, there are extraordinary efforts underway to help all those who are suffering from illnesses that may have resulted from service in the Persian Gulf War.

Clearly, these efforts also will help, and have already helped us to be better prepared for future contingency deployments. Our plan for standardizing the collection and analysis of health status information on all service members prior to, during and following an operational deployment is just one example. When implemented, this plan will offer timely details concerning a unit's personnel medical readiness to deploy; an assessment of the health threats, countermeasures and monitoring throughout the deployment; analyses of the frequency and pattern of disease and injury during and following deployment; and, other actions designed to improve our knowledge and capability to better support the force medically.

Everything we are doing with the CCEP, our research, and the joint efforts of the Departments is directed toward taking care of our patients. That is the very basic responsibility of the Military Health Services System. As we fulfill that responsibility, we are determined to be totally open about all aspects of the Persian Gulf illnesses. We have set no preconditions on what is or what is not to be considered, evaluated, examined and tested. Instead, we are exploring all leads that sound medical practice presents to us. We will let our medical findings guide us to solutions. It is our resolve to do what we do best, and that is to take care of our people and to pursue the reasons for their suffering.

Inseparable Twin Missions

Building our program, determining the budget, and negotiating the extent of manpower and end-strength reductions caused us to consider carefully the requirements of our dual missions. This process crystallized the fact that these missions are co-dependent. This truth often is overlooked or is not easily understood by those who evaluate the Military Health

Services System superficially. It is the operation of military hospitals and clinics, the everyday care and treatment of our broad range of beneficiaries that affords our health care professionals the necessary experience to maintain their skills.

TRICARE

Mr. Chairman, we spoke at some length on Tuesday about the details of TRICARE, our transformation to a managed health care delivery system. Our ability to care for the families of our active duty personnel provides a strong degree of assurance when the service members must deploy. Caring for our retirees and their families provides reassurance that the military stands by its commitments. TRICARE will help us to overcome a major problem long experienced in the Military Health Services System: that of a lack of access to timely care. One issue remains -- we spoke of it on Tuesday -- we must find a way to include those of our Medicare-eligible beneficiaries who wish to participate in the TRICARE Prime option.

New Frontiers in Telemedicine and Telecommunications

Before closing, Mr. Chairman, there is one capability that I want to highlight for it has tremendous potential to enhance health care delivery...at sea, on the battlefield, in a medically remote part of our own country. It is a capability that carries definite application as a military - civilian, dual use initiative. We know it as telemedicine.

The number of systems supporting the delivery of health care in the Military Health Service System is growing, and those that are in-place are being refined. It is a moment of creative synergy for automation, telecommunications and technology. The possibilities are exciting, yet those possibilities must be recognized as tools to assist in achieving the fundamental goals of military medicine. In that context, the military services are exploring the multiple applications of telemedicine. As a

grouping of advanced technologies, telemedicine will re-engineer the way the military health services deliver health care. The Army has the lead, with the Navy and Air Force, to develop and implement telemedicine technologies into a Telemedicine Testbed Project, to guide these technologies into the Military Health Services System mainstream, and to share our experiences with those in the civilian community who are interested.

CLOSING

In summary, our budget this year reflects an increase somewhat less than what the anticipated increase will be for medical care in the nation. However, our budget is predicated on both significant management initiatives being implemented throughout the Military Health Services System and infrastructure reductions. The management initiatives are designed to accommodate infrastructure reductions--since FY 88, the number of military hospitals has decreased by 53, and in the same period, the number of normal beds has been reduced by 12,000. The Military Health Services System's transformation to TRICARE will ensure an effective and efficient military medical system that provides high quality care to as many beneficiaries as possible.

In handling the change and challenges of today, I continue to encourage our military medical personnel to be bold in their thinking and in their leadership. Threats to the institution of military medicine, while very real, can be the source of stimulation and opportunity. We must find those opportunities and exploit them to create the atmosphere and environment to sustain the Military Health Services System as a flexible system prepared to meet the challenges of its interwoven missions.

I am certain that with the encouragement and assistance of this Committee the future will see a highly capable, very agile military medical

Stephen C. Joseph

HNSC Readiness

support structure providing state-of-the-art, high quality health care to patients who are highly satisfied with its delivery.

Thank you Mr. Chairman. At your convenience, I will be happy to respond to your questions.

United States General Accounting Office

GAO

Testimony

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WARTIME MEDICAL CARE

Aligning Sound Requirements With New Combat Care Approaches Is Key to Restructuring Force

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Affairs Division



Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss wartime medical requirements. In particular, you asked us to discuss the results from our ongoing review of the Department of Defense's (DOD) study of the military medical care system.

DOD's medical system costs about \$15 billion annually and employs about 227,000 active duty and reserve personnel. Section 733 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 required DOD to conduct a study to, among other things, determine (1) the size and composition of the military medical system needed to support U.S. forces during a war or other conflict and (2) any adjustments needed for cost-effective delivery of medical care to covered beneficiaries during peacetime. DOD's study (referred to as the "733 study") has challenged the Cold War assumption that all medical personnel employed during peacetime are needed for wartime. Its conclusion that wartime medical requirements are much lower--by as much as half--than the medical system programmed for fiscal year 1999 raises the question of whether U.S. military medical forces should be reduced to only those needed for wartime. This question has enormous implications for how care will be provided in wartime and peacetime.

I would like to first give you our overall views on the 733 study and then talk in more detail about our analysis of the study.

RESULTS IN BRIEF

Based on our review, we believe the 733 study's conclusion that wartime requirements could be met with fewer resources than those programmed for fiscal year 1999 is credible. This is particularly true in light of the fact that the number of active duty and reserve physicians has remained relatively stable since the days of the Cold War while the total number of forces has declined significantly. On the other hand, the study does not represent a precise estimate of wartime medical requirements nor a road map for deciding which capabilities, units, and personnel are no longer required for wartime care. Thus, even if one accepts the magnitude of the wartime requirements estimated by the study, it does not follow that the existing system, as currently configured, should be cut in half.

We believe that the 733 study employed a reasonable methodology for identifying wartime requirements. However, the Commanders-In-Chief (CINCs) for the two major combat theaters were not involved in the study. Using the same methodology that was used for the 733 study, the CINCs' operations plans produce much higher wartime medical requirements because they use different assumptions that result in higher numbers of casualties and longer stays in the military medical system. While the 733 study appears to have better information on some assumptions than the CINCs use, other key differences--such as the nature of the combat--have not yet been reconciled. Even if the CINCs were to prevail on the unreconciled assumptions,

the result would be to offset some--but not all--of the reductions envisioned by the 733 study.

Before reductions in wartime hospital beds or physicians are contemplated, it is important to recognize that the 733 study was a snapshot of the medical system in place--absent its limitations--not a vision of what the system should look like in the future. Such a vision is necessary to intelligently transition to a smaller, but better, system of medical care. In fact, the wartime system may have to be retooled from a heavy, hospital-based system to a lighter, more mobile care-based system. The individual military services and the Joint Staff are working on future medical care concepts that could dramatically affect the organization and composition of wartime medical units. Agreement on the key factors that affect demand for medical care is critical to arriving at the best wartime medical care system for the future, for it will enable decisionmakers to direct their attention to optimizing the medical care system for that demand. It should be recognized at the outset that an optimized system may differ from the sum of individual efforts underway.

BACKGROUND

DOD's Office of Program Analysis and Evaluation (PA&E) was responsible for the 733 study and completed it in April 1994. The study reflected the defense planning guidance of being prepared to fight in two nearly simultaneous major regional conflicts--one in Korea and the other in Southwest Asia. As measures for the medical system, the study focused on (1) the number of hospital beds demanded by casualties and (2) the number of physicians required to meet those demands. PA&E chose fiscal year 1999--the last year of the future year program in effect at the time--as a baseline for comparing revised requirements against.

Generally speaking, PA&E defined the demand for medical care in terms of the number of casualties generated by the conflicts and the number of needed beds. To determine the demand for medical care in each conflict, PA&E derived the theater and the continental U.S. bed requirements using DOD's standard modeling system, the Medical Planning Module.

The services estimated the number of physicians necessary to treat the casualties. The services used their existing staffing tables to calculate the number of physicians needed to (1) staff hospital beds and (2) perform duties outside hospitals as part of military units and for such functions as command and control. An exception is that PA&E, rather than the services, calculated the number of physicians needed to staff the hospital beds in the continental United States.

PA&E also identified the number of additional physicians needed during peacetime to maintain medical readiness--referred to as the augmented case. Such physicians are needed for the graduate medical education training program, for rotation of deployed

medical personnel, and for staffing of overseas military hospitals. PA&E used an overall staffing factor to derive the number of physicians needed.

733 STUDY RESULTS

As shown in table 1, the 733 study projects that significantly fewer physicians are needed for wartime compared to those programmed for fiscal year 1999.

Table 1: Wartime Physician Requirements as Portrayed in the 733 Study

	Active duty physicians	Reserve physicians	Total physicians
Fiscal year 1999 program	12,600	6,500	19,100
733 study base case (percent difference from 1999 program)	4,000 (-68%)	5,000 (-23%)	9,000 (-53%)
733 study augmented during peacetime (percent difference from 1999 program)	6,300 (-50%)	8,200 (+26%)	14,500 (-24%)

The base case represents a 53-percent lower requirement than the fiscal year 1999 program, but refers only to those physicians needed to administer care to wartime casualties. It excludes the additional number of physicians needed for medical readiness during peacetime (augmented case). In the augmented case, which adds these physicians to the base case, the study shows active duty physicians could be lower by 50 percent. However, this reduction is offset by about half due to an increase in the number of reserve physicians required.

According to the 733 study, the number of beds needed to meet wartime requirements is lower by about the same magnitude as the number of physicians. The reduced requirement is most pronounced in the number of beds needed in continental United States to treat casualties; the study concludes that the requirement for continental U.S. hospital beds is 9,000, compared with 30,000 contained in the fiscal year 1999 program. The number of beds in the combat theaters would be lower as well, but by a lesser amount. The precise numbers of theater beds are classified.

While much attention has focused on the lower requirements produced by the study, it is important to put the fiscal year 1999 comparison number into perspective. Unlike the wartime requirements estimated by the 733 study, the 19,100 physicians programmed for fiscal year 1999 are historically derived. Table 2 shows the comparison of active duty and reserve force levels, medical personnel, and physicians for fiscal years 1987-1994.

Table 2: Comparison of Active Duty and Reserve Forces, Medical Personnel, and Physicians, for Fiscal Years 1987-1994 (As of End of Fiscal Year)

Fiscal year	Active and reserve forces	Active and reserve medical personnel	Active and reserve physicians
1987	3,325,069	244,298	19,089
1988	3,296,571	251,573	19,743
1989	3,300,789	251,863	20,982
1990	3,222,570	261,076	22,028
1991	3,157,184	267,833	21,900
1992	2,923,036	255,261	20,759
1993	2,762,779	247,715	20,028
1994	2,608,820	227,357	19,479
Percent change 1987-1994	-21.5%	-6.9%	+2.0%

As shown in table 2, since 1987, the overall force level has dropped by 21.5 percent, the number of medical personnel has dropped 6.9 percent, but the number of physicians has increased 2 percent. Over this same period, the number of DOD hospitals and bed capacity have also been reduced somewhat.

It is important to note that a reduction in the size of the medical force to meet only the wartime requirements projected by the 733 study would not necessarily generate windfall cost savings. Because DOD remains responsible for providing medical care to its beneficiaries, reducing the capacity of its medical facilities is likely to cause an increase in the amount of medical care provided through its insurance program. In fact, the study compared the costs for DOD to provide such care in its own facilities or to purchase the care through its insurance program. This analysis concluded that

insurance would be cheaper unless DOD could better control access to its medical facilities.

FOUR ASSUMPTIONS DRIVE LOWER WARTIME MEDICAL REQUIREMENTS

In analyzing the 733 study's methodology and identifying the factors that drove requirements down, we noted that the fiscal year 1999 program number represented more a forecast of available medical resources than an estimate of requirements. Therefore, we used the CINC plans to compare with the 733 study because they (1) represent the most authoritative set of requirements, (2) are contemporaneous with the 733 study, and (3) are constructed in a similar manner. The CINC-generated requirements do not tie directly to the fiscal year 1999 program number, but do support significantly higher numbers than the 733 study.

Our comparison disclosed that in the aggregate, the CINC plans for Korea and Southwest Asia anticipate over twice as many casualties and over twice the number of required beds than the 733 study. Differences in four assumptions explain why the 733 study produces lower medical requirements than those estimated by the CINC plans. The 733 study assumed

- a smaller population at risk exposed to injuries,
- significantly lower rates of casualties from disease and non-battle injuries (DNBI),
- a less intense warfight modeled for the Korea conflict generating fewer wounded-in-action casualties, and
- much quicker movement of patients out of the continental U.S. military hospital system.

Population at Risk

The population at risk is the number of individuals in the theater who are exposed to the risk of injury. The CINC plans envision a 13 percent larger maximum population at risk for the two conflicts combined than the 733 study. The population at risk in the CINC plan for the Korean conflict scenario is substantially larger--34 percent. Because both wounded-in-action and DNBI rates are applied to a larger military force, it leads to more casualties requiring medical treatment. Moreover, our recent classified report stated that the population at risk for the Korea scenario would likely be substantially greater than that reflected in the CINC plan.

The higher population at risk may be offset somewhat because PA&E and the CINC plans used the fiscal year 1995 base force. The base force is about 9 percent larger than the Bottom Up Review force, which reflects the current plans for the size of the future military force.

DNBI Rates

The CINC plans for the two conflicts generally use higher DNBI rates than the 733 study. This results in increased numbers of casualties and the need for additional hospital beds and physicians. These rates account for most of the difference in theater hospital admissions between the operations plans and the 733 study for the two conflicts. The CINC plans use higher rates for the forward and rear areas of the theater as shown in table 3.

Table 3: Comparison of DNBI Rates in CINC Plans and 733 Study

		Percent DNBI rates are higher in CINC plans than 733 study	
Service	Area	Korea	Southwest Asia
Air Force	Theater-Forward Area	75	538
	Theater-Rear Area	75	365
Army	Theater-Forward Area	272	234
	Theater-Rear Area	197	8
Marines	Theater-Forward Area	(22)	(71)
	Theater-Rear Area	(29)	(78)
Navy	Theater-Forward Area	40	(33)
	Theater-Rear Area	67	(49)

The Air Force and the Army forces constitute the majority of the population at risk in both conflicts combined. Therefore, the higher Air Force and Army DNBI rates produce far more casualties that are only somewhat offset by the DNBI rates that are applied to the other services.

There are strong indications that the DNBI rates developed for the 733 study are more reasonable than those used in the CINC plans. First of all, the 733 study rates were developed through recent extensive research whereas the rates in the CINC plans date back to the Korean Conflict and World War II. In addition, the DNBI rates used in the 733 study were the product of negotiation between the PA&E staff and representatives of all the services. The service representatives agreed to lower DNBI

rates for use in the 733 study after being convinced that PA&E's research and analysis provided a more rational basis for the lower rates than was the case for the higher rates that had been previously used by the services.

Another indication that the 733 study DNBI rates may prove to be more reasonable is the fact that the higher rates used by the CINCs are under review. According to Joint Staff and service representatives, these DNBI rates are being reviewed by their offices and the new rates are expected to be much less than those being used by the CINCs and will be much closer to those used in the 733 study. The new rates will be recommended to the CINCs after agreement is reached in the services.

Warfighting Assumptions

Another significant difference in the hospital admissions produced by the CINC plans and the 733 study can be traced to assumptions on the predicted intensity of the conflict and the positioning of the theater combat forces. Using greater battle intensities and positioning a greater proportion of the forces in the combat zone produce much greater numbers of wounded-in-action casualties that must be treated in the theater and the continental U.S. hospitals. Such casualties often require extended care and place a greater demand on medical resources than a like number of DNBI patients.

The combat intensity rates used for the CINC plan for the Korean conflict scenario are much higher than those used in the 733 study, but the ones used in the CINC plan for the Southwest Asia conflict scenario are much closer, as shown in table 4.

Table 4: Comparison of Combat Intensity Rates in CINC Plans and 733 Study

Services	Percent rates are higher in CINC plans than 733 study		
	Korea ^a		Southwest Asia
Air Force	A	138	24
	B	141	
Army	A	89	(1)
	B	62	
	C	19	
Marines		80	6
Navy		72	23

^aThe CINC's plan for the Korean conflict scenario broke the Air Force's forces into two components (A and B) and the Army's forces into three (A, B, and C).

The CINC plans for both the Korea and Southwest Asia scenarios position a greater proportion of the theater forces in the forward area of the combat zone than the 733 study. Greater numbers of wounded-in-action casualties occur in the forward areas. Proportionally, CINC plans for Korea and Southwest Asia position 12 percent and 7 percent, respectively, more forces in the forward area of the combat zone than does the 733 study.

At this point, the differences in these warfighting factors are unresolved. The 733 study drew its warfighting assumptions from the Joint Staff; the CINCs were not consulted. Therefore, these assumptions were not reconciled with the CINC plans. Agreement on a single warfighting scenario is fundamental to both the CINCs, who must execute the scenario, and DOD planners who determine the resources the CINCs will receive.

Movement of Casualties
Outside the Military System

The 733 study reflects a much lower requirement for beds in the continental U.S. military hospital system than the CINC plans. The primary reason for this difference is that the 733 study transfers casualties to the National Disaster Medical System¹ components outside the military system much sooner. This reliance on the non-military portions of the National Disaster Medical System reduces considerably the U.S. military hospital capacity needed for wartime.

An increased role for the National Disaster Medical System has advantages because it reduces the wartime requirement for the continental U.S. military hospital beds and their associated medical staffing. However, our prior work² identified several problems with the capability of the National Disaster Medical System to handle large numbers of casualties. For example, we found that the number of beds expected to be available in DOD, VA, and other National Disaster Medical System hospitals was overstated. However, National Disaster Medical System officials have stated that they are aware of the system's shortcomings and have developed a plan to correct them.

In addition, the nation's non-federal hospital system outside the National Disaster Medical System has considerable excess capacity, which if called upon to treat patients returning from the theater, would likely respond.

OTHER CONSIDERATIONS IN
USING THE 733 STUDY

In conducting the 733 study, PA&E did not (1) resolve a disagreement with the services on the number of physicians needed for medical readiness during peacetime (augmented case) or (2) incorporate how the effectiveness of the present military medical system needs improvement. These factors must be accounted for when using the study's results.

¹The National Disaster Medical System is a partnership venture involving DOD hospitals, the Department of Veterans' Affairs (VA) hospitals, and more than 1,800 non-federal hospitals to provide care to casualties from domestic disasters or conventional military conflicts.

²Health Care: Readiness of U.S. Contingency Hospital Systems to Treat War Casualties (GAO/T-HRD-92-17, Mar. 25, 1992).

Services Contend Study
Understates Physicians Required
for Medical Readiness

Service officials contend that the 733 study estimate of 5,500 physicians needed for wartime medical readiness (graduate medical education, rotation, and overseas staffing) during peacetime is understated by 3,433 physicians (62 percent). These differences have not been resolved. In contrast to the detailed calculation of beds and physicians needed for treatment of combat casualties, the study used gross estimating techniques to calculate the additional physicians needed for these activities during peacetime. The services' more detailed analyses produced a higher requirement for such physicians. While the services were involved to a considerable extent in developing the wartime requirement for physicians to support the major regional conflicts, the services did not participate in identifying the number of physicians needed to meet these requirements.

On the other hand, there are concerns that DOD currently has too many graduate medical education programs³. DOD's Office of the Inspector General has work underway reviewing the need for the various graduate medical education programs in DOD.

Current Military Medical System
Likely to Need Reconfiguration

The 733 study did not account for the problems affecting the present military medical system. These problems need to be addressed in an estimate of wartime medical requirements. The 733 study essentially took a snapshot of the present system, absent its limitations, and applied it to the wartime demand for care developed by the study.

³In 1994 DOD operated about 300 graduate medical education programs in areas such as internal medicine, pediatrics, surgery, and orthopedics.

The ability of the services' medical forces to meet the wartime mission was called into question in several studies that GAO⁴ and the DOD Inspector General⁵ performed after the Persian Gulf War. We found several problems with the services' medical forces including (1) many non-deployable personnel due to such factors as unacceptable physical conditions, lack of required skills, and mismatches in medical specialties; (2) a lack of training for wartime missions; and (3) inadequate or missing equipment and supplies. We also found problems with the processes to move and evacuate casualties, which could have led to the underuse of some hospitals and the overwhelming use of others. To the extent that such problems are not corrected, a larger medical system would be needed to offset the resultant loss of capability.

DOD and the services themselves have identified the need for several improvements in wartime medical capabilities based on lessons learned from involvement in Desert Shield/Storm and subsequent operations. Among these are the need for the theater medical system to be smaller, lighter, more mobile, and more capable. The services also recognize that their medical capabilities need to better support such operations as disaster relief and humanitarian support.

DOD and the services have major initiatives underway to examine how to improve wartime medical capabilities. For example, the Joint Staff has initiated a major initiative, known as the Joint Warfighting Capability Assessment, which, among other things, is to develop medical readiness assessment indicators and develop a new medical doctrine to improve the medical responsiveness to future medical demands. Some of the concepts of care being considered represent radical departures from today's system. Each service is also assessing the configuration of medical operations. While these reconfiguration efforts are incomplete at this time, it is possible that the organization and operation of medical units may differ substantially in the future from the medical force portrayed in the 733 study. It is unknown at this time how the reconfigured military system will impact the number of hospital beds and physicians required.

⁴Operation Desert Storm: Full Army Medical Capability Not Achieved (GAO/NSIAD-92-175, Aug. 18, 1992); Operation Desert Storm: Improvements Required in the Navy's Wartime Medical Care Program (GAO/NSIAD-93-189, July 28, 1993); Operation Desert Storm: Problems With Air Force Medical Readiness (GAO/NSIAD-94-58, Dec. 30, 1993).

⁵Inspector General, Department of Defense, Medical Mobilization Planning and Execution (93-INS-13, Sept. 30, 1993).

CONCLUDING REMARKS

The challenge facing medical decisionmakers is to agree on (1) the demand for medical care as dictated by projected casualties and (2) the most effective and efficient way to provide that care. The 733 study makes a strong argument that wartime demands will not require as large a military medical system as programmed for fiscal year 1999. Yet, several key variables which greatly affect the wartime demand for medical care are still in debate. Settling these issues will enable medical decisionmakers to focus on more finite, albeit projected, demands for wartime care.

Once the demand issue is settled, DOD and the services can then make better decisions on how to effectively and efficiently provide the required medical care. While the services are embarking on efforts to reconfigure their medical units and several DOD components are working on solutions to medical capability problems, it is open to question as to whether the individual efforts will add up to the best system to meet future wartime medical demands. We believe a joint approach to developing a concept of wartime medical care that is aligned with projected demands will enable DOD and the services to focus management on getting to the best system. I would reiterate our belief that cutting the current system in half is not the optimum solution.

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Mr. Chairman, this concludes my prepared statement. I will be glad to respond to any questions you or other members of the Subcommittee may have.

(703073)

CBO TESTIMONY

Statement of
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on
the Wartime Mission of the
Military Medical System

before the
Subcommittee on Military Personnel
Committee on National Security
U.S. House of Representatives

March 30, 1995

NOTICE

This statement is not available
for public release until it is
delivered at 2:00 p.m. (EST),
Thursday, March 30, 1995.



CONGRESSIONAL BUDGET OFFICE
SECOND AND D STREETS, S.W.
WASHINGTON, D.C. 20515

Mr. Chairman, I appreciate the opportunity to appear before this Subcommittee to discuss the medical mission requirements of the Department of Defense (DoD). My testimony will focus on the challenges facing DoD today in meeting both its peacetime and wartime missions. I will cover a range of issues, including:

- o The readiness problems that DoD still faces, despite lower wartime requirements;
- o The limited training for wartime that military medical personnel receive during peacetime; and,
- o An alternative approach to meeting the wartime mission by integrating military medical care with the civilian sector.

BACKGROUND

Historically, the military medical establishment has had a twofold mission: wartime readiness, which means having the capability to meet the armed services' wartime medical needs; and providing medical care during peacetime to uniformed personnel and other eligible beneficiaries, including dependents of active-duty personnel, retirees, and their dependents and survivors.

During the Cold War, the size of the military's direct care system--military clinics, hospitals, and medical centers--was inadequate to meet either DoD's wartime or peacetime requirements. Wartime requirements, which were based on the scenario of an all-out conventional war in Europe, were almost three times greater than the capacity of the direct care system. To address that shortfall, DoD planned for substantial backup hospital capacity through contingency agreements with the Department of Veterans Affairs and civilian hospitals under agreement with the National Disaster Medical System. Demand for peacetime care also exceeded the capacity of the direct care system, leading dependents and retirees to rely increasingly on the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) to finance access to civilian care.

The end of the Cold War dramatically changed DoD's planning for wartime medical care, as documented in the department's recent Congressionally mandated study (referred to as the 733 study). Even after the loss of more than 10,000 beds through downsizing, the direct care system will retain about 18,000 beds, more than twice the capacity needed to meet the wartime requirement derived from two nearly simultaneous major regional conflicts. The peacetime demand for care, however, will continue to exceed the capacity of military hospitals, requiring augmentation from the civilian sector.

READINESS PROBLEMS

The decline in wartime requirements does not automatically imply that wartime medical readiness has improved. Instead, the lessons learned from the Persian Gulf War strongly indicate that the size of the military medical infrastructure is only one factor in determining wartime readiness. In a series of reports on the wartime medical performance of the three military services, the General Accounting Office (GAO) identified medical readiness problems in a number of areas. Among the major problems that GAO found were:

- o Manpower-related problems, such as inadequate peacetime training of medical personnel for wartime;
- o Problems of medical personnel management, such as the failure of personnel systems to identify medical personnel for assignment to active units and ensure that deployed units had an adequate number and mix of personnel;
- o Equipment and logistical problems, including inadequacies in the supply of medical goods; and
- o Problems in evacuating casualties from the front lines to supporting medical facilities.

DoD's RESPONSE TO READINESS PROBLEMS

Partly in response to the experiences of Operations Desert Shield and Desert Storm, in March 1995, DoD formally released its Medical Readiness Strategic Plan 2001. The report outlines nine areas of concern, including all of the problem areas cited by GAO, and sets forth objectives for addressing each of them. The Assistant Secretary of Defense for Health Affairs has directed that all "primary action offices" identified in the Medical Readiness Strategic Plan prepare implementation plans by the end of June 1995. Many of DoD's proposed solutions are already being carried out: the Army, for example, plans to work more closely with its reserves to ensure their availability in the event of wartime. Nonetheless, for a number of reasons, DoD's plan may fall short of ensuring that medical readiness problems will be resolved:

- o The report does not clarify how much DoD spends on its medical readiness mission. Without such an accounting, the department and the military services cannot plan efficiently to improve their allocation of resources in wartime.
- o The report recommends that continued evaluation and monitoring of readiness occur through collaborative and consultative efforts, such as the Defense Medical Readiness Council and the Tricare Executive Committee. Bodies like those may help to raise awareness of problems with wartime readiness and possible remedies for them. But there is no assurance that the Surgeons

General, whose departments retain independent control of medical personnel resources, will act on the recommendations of those consultative groups.

- o Finally, DoD's plan fails to address the central cause of wartime readiness problems--namely, that the department places greater emphasis on meeting its peacetime mission than its wartime one.

Reversing priorities and placing greater emphasis on wartime would create many problems for the department. Beneficiaries other than active-duty personnel would be forced to rely more on civilian care, raising their costs and perhaps those of DoD. Access to care in military facilities might become more difficult. Productivity among military physicians might decline if their administrative responsibilities and patient loads increased as the result of assigning more medical personnel to wartime training. Nonetheless, dealing with those problems is a challenge that must be met if greater importance is to be attached to wartime medical readiness.

Expanding Tricare, as the department proposes, would only exacerbate those problems. Under Tricare, DoD plans to shift much of the health care for active-duty dependents from CHAMPUS to military facilities, probably shifting care for retirees away from military facilities and into CHAMPUS. Those plans may make it even harder for DoD to meet wartime medical requirements than it is today as the range of conditions seen by military physicians may tend to be narrowed.

OPPORTUNITIES FOR WARTIME TRAINING IN THE PEACETIME SYSTEM

Although today's military medical establishment is larger than needed to meet requirements for wartime, DoD supports maintaining the system at its current size with minor modifications. It argues that its medical centers--and to a lesser extent its hospitals and clinics--provide an excellent training ground for wartime. Preliminary findings by the Congressional Budget Office (CBO), however, indicate that the care furnished in military medical centers and hospitals in peacetime bears little relation to the war-related diseases and injuries that military medical personnel need to be trained to deal with in wartime.

The range of war-related injuries and illnesses that are likely to occur in a theater of operations can be divided into two categories of patient conditions:

- o *Disease and nonbattle injuries (DNBI)*, such as diarrhea, malaria, severe febrile illnesses and infections, or nonpsychotic mental disorders; and,
- o *Combat-induced wounds or wounded-in-action (WIA)*, such as open wounds and injuries from blunt and penetrating trauma, burns, or shock.

The mix of DNBI and WIA diagnoses that would need to be treated in an actual deployment can be expected to vary with the scale, duration, and location of

the deployment, as well as with the nature of the specific scenario. By way of illustration, DoD's planning scenario for two nearly simultaneous regional conflicts includes projections of wartime workload for ground forces of which about two-thirds consists of DNBI and the rest of WIA diagnoses.

CBO analyzed the match between the diagnoses used to describe DNBI and WIA conditions and the primary diagnoses among patients treated in military medical centers and hospitals. We used a method of comparison developed by the Naval Health Research Center and applied it to over 1 million records for patients in military medical facilities in 1993. The list of DNBI and WIA diagnoses, which the Defense Medical Standardization Board maintains, currently includes about 320 separate illnesses and injuries that are considered representative of disorders expected in operational theaters. That list is used to project medical requirements for both deployable medical systems and nontheater hospitalizations.

Disease and Nonbattle Injuries

Considerable overlap exists between the types of cases that military medical personnel treat during peacetime and the disease and nonbattle injuries that they could expect to treat during wartime.

- o About 75 percent of peacetime primary diagnoses at military medical facilities match primary diagnoses on the DNBI list.
- o The most common wartime diagnoses of DNBI conditions, however, do not appear frequently in the peacetime workload of military medical centers. About 10 percent of the 50 most common primary peacetime diagnoses match the 10 most frequent disease and nonbattle injury categories reported by U.S. Marines in Vietnam (the best data set available to the Naval Health Research Center).

On balance, those findings can be summarized as showing that peacetime care provides some training for wartime, but most of the care provided during peacetime is not relevant to even noncasualty wartime patient loads.

Wounded-in-Action

The value of peacetime practice is even more limited when applied to wounded-in-action conditions.

- o Only about 5 percent of the primary diagnoses that military medical personnel treat during peacetime match a casualty-related diagnosis.

- o None of the 50 most frequent peacetime diagnoses at military medical centers match a wounded-in-action condition.

In summary, based on a comparison of battle injury conditions with the diagnoses treated at military medical hospitals and medical centers, peacetime care gives military medical personnel almost no chance to practice their war-related skills and perform war surgery.

Those findings should not be surprising. After all, the diagnoses treated at military hospitals during peacetime reflect the health status and treatment of a wider mix of patients--young and old, male and female--living in far different circumstances than would be the case in wartime. Among the most frequent primary diagnoses at the medical centers, for example, were single infants born in hospital, without or by cesarean delivery; coronary atherosclerosis; chest pain; chemotherapy treatment; inguinal hernia; and cataracts.

Within the bounds set by patient conditions, military medical facilities do in fact provide effective training. For example, the medical centers serve as excellent training grounds for residents in graduate medical education (GME) programs, including some training relevant to wartime readiness. But to the extent that it crowds out other training, the treatment they provide during peacetime makes it

difficult for many medical residents to gain adequate training for war-related conditions.

STRONG AREAS OF TRAINING

Notwithstanding the results of CBO's analysis, within the military system there are programs in which military medical personnel receive more intensive exposure to battle-related diagnoses.

Integration with the Trauma System

Two facilities--Brooke Army Medical Center and the Air Force's Wilford Hall Medical Center--are a part of the emergency trauma system in the city of San Antonio, Texas. As a result of that unique, if informal, relationship between the military and civilian communities, the Brooke and Wilford Hall emergency rooms routinely receive a substantial number of civilian patients with blunt and penetrating injuries. Treating those injuries contributes strongly to wartime preparedness. Military medical personnel also learn other skills that are transferable to a wartime scenario, such as becoming familiar with treatment in emergency conditions; working in a chaotic environment; setting priorities, organizing, and treating a large volume of

patients efficiently; and evaluating critically injured patients quickly and providing rapid intervention.

Training Residents for Wartime

During their residency, many military physicians receive a form of training that is similar to the training at Brooke and Wilford Hall. Residents in the military's GME programs, for example, receive trauma training in both the military's medical facilities and civilian facilities. Many civilian facilities serve as clinical training sites for physicians from all three services in their residency programs. The Air Force has at least six such affiliations with civilian facilities, the Navy has seven, and the Army has 13. Of those 26 civilian hospitals, many meet the criteria of the American College of Surgeons for a Level 1 trauma center (for example, they are capable of providing comprehensive emergency care 24 hours a day) and thereby provide training in an intense environment. On balance, however, all of those programs train military physicians only during their residency. Once physicians complete residency, their exposure to war-related diagnoses is usually restricted to the caseload that they encounter in military hospitals. There are, of course, exceptions to that statement. At Wilford Hall, for example, staff surgeons may take a refresher course in trauma and critical care called TRACCS (Trauma Refresher and Critical Care).

Military medical departments also rely on course work to teach both their staff physicians and their residents to care for injured patients. Advanced Trauma Life Support (ATLS) is one such course used to teach military medical providers how to care for casualties during the "golden hour," or early phase of treatment. Although ATLS emphasizes emergency life-saving skills for treating injured patients, one of the major criticisms of the course is that it emphasizes skills for dealing with civilian trauma over those needed to deal with combat or military trauma. Several suggestions for improving the course center on the need to make ATLS more specific to military medical providers by training them in the skills needed to perform war surgery and by using simulated casualty populations based on actual combat casualties instead of civilian trauma victims. But because ATLS is a course that is controlled by the American College of Surgeons, DoD would have little control over changing its design.

AN ALTERNATIVE APPROACH TO TRAINING FOR WARTIME

Under DoD's plans for its military medical system, the opportunity for most military medical providers to prepare for the wartime mission will continue to be limited. Peacetime patient loads in the future will be similar to those of the past, and thus they will bear little resemblance to battle casualties and not much more to other war-related diagnoses based on actual combat experience in Vietnam. More relevant

experience might come from treating military personnel in connection with peacetime operations--for example, recent deployments of personnel to Panama, Somalia, and Haiti. Nevertheless, because those operations fortunately have resulted in few casualties, they have offered limited training for military medical providers in the area of combat casualty care. Even so, such operations might provide medical personnel with more training in treating DNBI conditions than they would derive from normal peacetime caseloads.

Shock Trauma Centers

A different approach to wartime training would be to build on the experience at Brooke and Wilford Hall. As part of the San Antonio civilian trauma system, those hospitals provide their personnel with ongoing trauma training and an opportunity to practice wartime surgical skills that would not necessarily be available from a population of peacetime military beneficiaries. The military medical departments could decide more generally to establish affiliations with civilian trauma centers throughout the country. Current residency programs in which military physicians work in civilian hospitals could provide the basis for more extensive links between the military and civilian systems.

To determine the match between injuries treated at a typical shock trauma center and those sustained in battle, CBO analyzed cases treated at the R Adams Cowley Shock Trauma Center in Baltimore, Maryland, during fiscal year 1993. (Incidentally, we would like to acknowledge at this time the extensive support from the staff of the center that we received in conducting the analysis.) The Baltimore center is a Level 1 facility capable of providing emergency care around the clock; thus, it receives a large volume of trauma patients. It also enjoys a statewide reputation and receives patients from outside its immediate urban area.

In 98 percent of the cases treated at the Baltimore center, the primary diagnoses matched those found on the Defense Medical Standardization Board's list of battle injury or casualty-related diagnoses. That finding suggests that of the roughly 20,000 injuries treated at the Baltimore center, more than 19,500 would provide a military medical provider with training in a war-related condition. To treat an equivalent number of diagnoses typical of battle injuries within the peacetime military direct care system, physicians would have to treat nearly 400,000 patients. Not only the nature of the medical training, but also the intensity of exposure to conditions typical of wartime, are obviously much greater in the Baltimore center than in virtually any military facility.

The R Adams Cowley Center, like other shock trauma centers, uses many techniques learned from military experiences in wartime, and its conditions of practice

replicate many of the aspects of wartime medical practice: an unpredictable patient load, a high incidence of life-threatening conditions in which timely treatment is literally vital, and--as noted--diagnoses similar to those experienced in wartime. Those similarities have not gone unnoticed; the Baltimore center currently serves as a clinical training site for military personnel in residency training programs.

Military Training at Shock Trauma Centers

CBO's analysis suggests that Level 1 shock trauma facilities are likely to provide the best wartime training in trauma care and casualty-related diagnoses for many military medical personnel. The Army is currently considering one way to establish affiliations with such facilities. The Army's proposal envisions a voluntary program in which a range of medical personnel--rapid deployment physicians, general or specialized surgeons from all services (including reserves), senior medics, and nurses--would train in trauma centers, together with trauma center staff, to maintain their clinical competence in trauma surgery. Assignment to a trauma center could be for as little as one month every few years, several weeks per year, or several shifts per month.

Throughout the United States, there are about 140 facilities with a major Level 1 shock trauma center in over 60 of the largest cities. Each year, those facilities could provide training in combat readiness for more than 1,500 medical personnel,

assuming that about 12 military medical personnel are rotated annually at each facility. Over a three-year period, more than 4,500 medical providers--and perhaps even all of the surgeons the services will need for wartime medical readiness--might have the opportunity for wartime training. Equally important, refresher training could be carried out on a rotating basis. The details of any such plan, such as the length of individual rotations, would obviously depend on both the needs of the services to train their personnel and the needs of the civilian shock trauma centers.

Effects on Peacetime Medical Care

The approach outlined here would have undeniable consequences for the military's ability to provide medical care in peacetime. Assigning a significant number of medical personnel to shock trauma centers would limit the amount of care that military hospitals could provide and thus would force beneficiaries into increasing reliance on CHAMPUS or other sources of care. The Army has proposed adjusting the schedules of medical personnel and using reservists to maintain the amount of care military facilities provide. However, even if such proposals were carried out, they could mean some disruption in the doctor/patient relationship.

Beyond those effects on the delivery of health care, such an approach would impose budgetary costs. Additional rotations of personnel through shock trauma

centers would entail travel, per diem, and housing expenses, some or all of which might be defrayed by the hospitals benefiting from the services of military medical personnel. If the productivity lost in military facilities was not restored, CHAMPUS costs would rise as beneficiaries sought care in the civilian sector. Those increases in cost would occur at a time of tightening defense budgets.

WARTIME MISSIONS ONLY

More generally, the difficulties posed for DoD by any training program that takes personnel out of its medical facilities raises the basic challenge of how to balance the wartime and peacetime missions. In the past, the department has not been able to do that well. Even its own Medical Readiness Strategic Plan underscores DoD's tendency to meet the peacetime mission at the expense of wartime preparedness.

Underlying the approach just outlined--that is, to integrate military medical training with civilian shock trauma centers for many medical personnel--is the assumption that wartime medical readiness should be the primary objective of DoD's medical planning. To avoid compromising the wartime mission, DoD needs the flexibility and resources to train medical personnel for wartime needs, even at the possible expense of providing peacetime care. Training in shock trauma programs or field medical training programs would improve wartime medical readiness. Achieving

those goals, however, might require redefining DoD's peacetime mission and providing health care for many military beneficiaries in other ways.

The Size of the Direct Care System

One element of DoD's wartime mission is to maintain the peacetime health of the active-duty population. That responsibility is widely recognized, for example, as part of the structure of DoD's Tricare proposal. However, peacetime care--even for active-duty personnel--might be provided more efficiently in civilian facilities than in military ones. If so, that alternative could well affect the size of the military's direct care system.

If the only requirement of the military medical system was its wartime mission, DoD could decide to downsize the system to only 11 hospitals with about 5,500 wartime beds in the United States, based on the department's recent 733 study and supporting analysis by RAND. Moreover, if it put into effect such an aggressive downsizing plan, DoD could then decide whether to convert to clinics the military medical centers and hospitals slated for closure. One factor in the decision would be the amount of care needed by active-duty personnel in each geographic area; if the active-duty presence was large enough, the department might find it less costly to keep a facility open than to obtain care through arrangements with civilian providers.

Given the current geographical distribution of active-duty personnel, care for almost one-third of them could be provided at the 11 military hospitals remaining open to meet wartime medical requirements. The majority of the active-duty population would then receive its inpatient care in civilian hospitals. Based on today's per capita costs, the cost of care for active-duty personnel would probably be less than \$3.0 billion. Other military beneficiaries--active-duty dependents and retirees and their families--would receive all of their care from civilian providers, perhaps under an approach such as the Federal Employees Health Benefits alternative discussed in CBO's recent testimony before this Subcommittee.

Improving Affiliations with the Civilian Sector

DoD has always relied on the civilian medical sector, both to meet part of the wartime requirement and to provide a substantial portion of the peacetime care that military beneficiaries other than active-duty personnel demand. Placing primary emphasis on meeting the wartime mission, however, would require strengthening affiliations with civilian hospitals--to provide better wartime training, employ military medical personnel who are not training in shock trauma units, and meet some of the requirements for caring for active-duty personnel. Such working relationships could allay any concerns about providing care for uniformed personnel outside the military's direct care system. In addition, military medical personnel assigned to civilian

hospitals could be exposed to a wider range of patient conditions that would improve their training in DNBI diagnoses.

The British Defense Medical Services, which is about to establish military units within civilian hospitals, offers one model for strengthening ties between military and civilian hospitals. Based on this concept, DoD could establish similar arrangements with civilian hospitals where military medical personnel would work and train together as a team. In those military managed units, military personnel could continue to provide care to active-duty personnel but could gain and maintain experience in handling complex cases by serving civilians too.

In that model, the units managed by the military would be staffed by military medical personnel who were not otherwise employed at the military's own medical facilities or on a training rotation or exercise. In keeping with the concept developed in the United Kingdom, those units could also be staffed and managed on a tri-service basis, thereby providing realistic joint training and introducing flexibility that DoD might need in adjusting to a smaller military medical system.

A collateral benefit of that approach might be found in easing the dislocation caused by wartime deployments. At present, reserve units are called up to provide care in military facilities ("back-fill") when active medical units are deployed. That situation is at times disruptive for beneficiaries as well as reservists: patients may

have to develop relationships with new doctors and reservists are forced to relocate. Many of those problems could be avoided by locating military-managed units in hospitals where reserve personnel also work.

CONCLUSION

In both today's hearing and the preceding one, CBO has focused on problems with the current military medical care system and alternatives to it that offer the prospect of resolving those problems. Today, and in the past, DoD's approach to the conflict between the demands of wartime medical readiness and the peacetime provision of care has been to decide in favor of the peacetime mission. As GAO has documented--and DoD has agreed--that approach has resulted in problems with wartime readiness. DoD's plans do not seem likely to resolve the inherent tension between what are, at times, two competing missions.

Alternatives are available to the department to improve wartime readiness. One promising approach would rotate military medical personnel through civilian shock trauma centers, in which the conditions of patients resemble those that military physicians would encounter in wartime much more closely than do the diagnoses found in treating military beneficiaries. A parallel approach would strengthen affiliations with civilian hospitals by both employing military medical personnel and

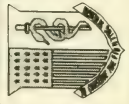
providing care for part of the active-duty population. Adopting those approaches would require the department to decide unambiguously that wartime medical readiness was the first and overriding imperative of the military medical system.

Having made that decision, DoD could proceed to size and structure its medical establishment to meet wartime needs. As we testified before this Subcommittee, doing so could lead to annual savings that would be more than sufficient to pay for the added costs of wartime readiness training, as well as to cover care from civilian providers for military beneficiaries who could no longer rely on the military's direct care system.

THE AMEDD VISION

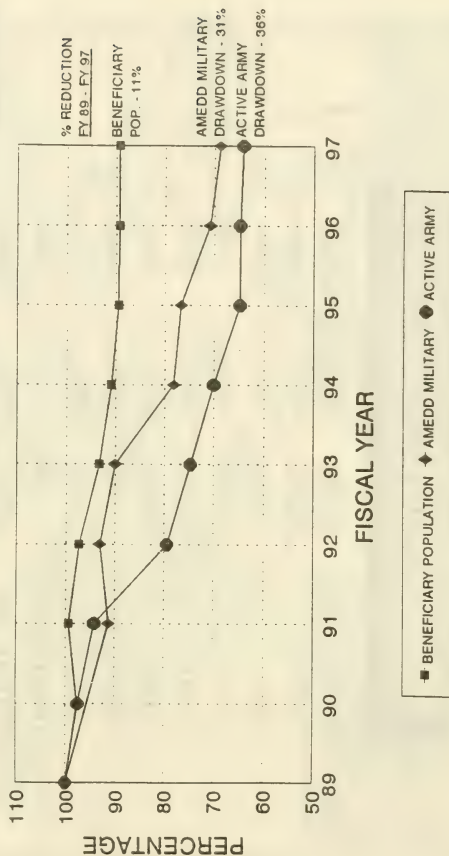
*A World Class, Quality Health Care System...
Ready to Support Our Soldiers at Home
and Abroad... Accessible to the Army Family...
Accountable to the American People.*

LTC ALCIDE M. LANOUE



ARMY DRAWDOWN

TOTAL ARMY vs AMEDD MILITARY vs BENEFICIARY POPULATION
END STRENGTH



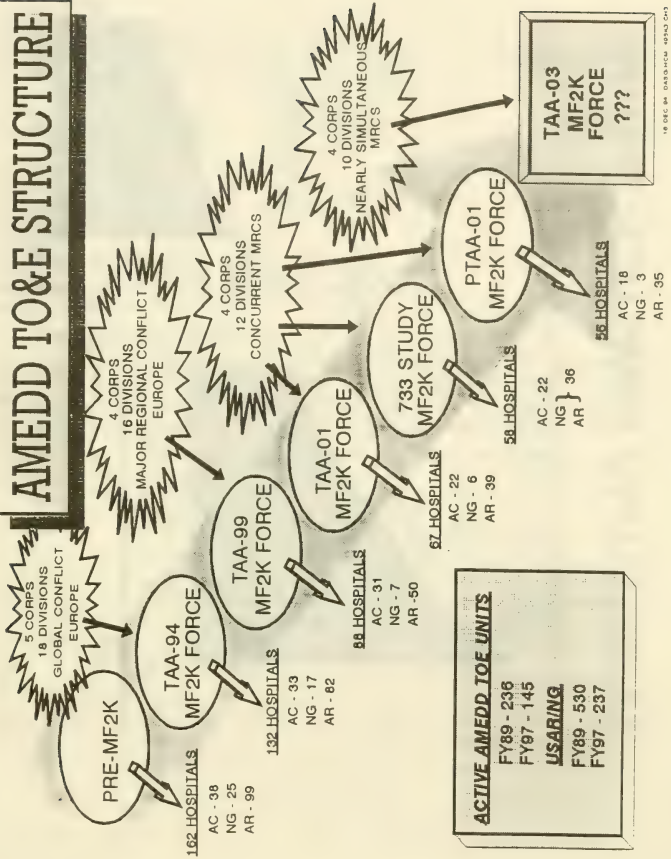
AMEDD MILITARY DRAWDOWN (END STRENGTH)

	<u>FY 89</u>	<u>FY 97</u>	<u>CHANGE</u>
MC	5,363	4,420	-18%
DC	1,650	1,175	-29%
VC	460	430	-7%
ANC	4,576	3,639	-20%
MSC	4,955	4,301	-13%
AMSC* (-PA)	475	375	-21%
PA	558	554	-1%
WO (-PA)	148	126	-15%
TOTAL OFF	18,185	15,020	-18%
ENLISTED	48,238	30,900	-36%

* PA commissioned into AMSC beginning FY 92

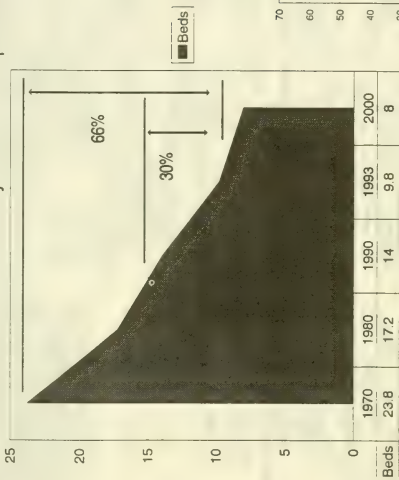


AMEDD TO&E STRUCTURE



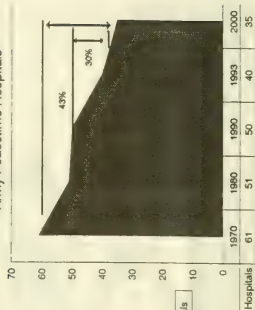
DOWNSIZING ARMY HEALTHCARE

Reduction in Number of Army Peacetime Hospital Beds



Beds calculation based on announced closures and smaller replacements

Reduction in Number of Army Peacetime Hospitals





★ WASHINGTON OFFICE ★ 1608 "K" STREET, N.W. ★ WASHINGTON, D.C. 20006-2847 ★
(202) 861-2700 ★

April 3, 1995

Honorable Robert K. Dornan, Chairman
House Subcommittee on Military Personnel
2340 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Dornan:

In lieu of personal presentation, The American Legion is submitting written testimony for the hearing held by the Subcommittee on Military Personnel, concerning Medical Issues Facing the Military on March 30, 1995 and requests that the enclosed statement be made part of the permanent hearing record.

Thank you in advance for your compliance with our request.

Sincerely,

A handwritten signature in cursive script, reading "Steve A. Robertson".

Steve A. Robertson, Director
National Legislative Commission

Enclosure



STATEMENT

BY

**KIMO S. HOLLINGSWORTH, ASST. DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION**

TO THE

**SUBCOMMITTEE ON MILITARY PERSONNEL
COMMITTEE ON NATIONAL SECURITY
U.S. HOUSE OF REPRESENTATIVES**

ON

MEDICAL ISSUES FACING THE MILITARY

MARCH 30, 1995

Statement of
Kimo S. Hollingsworth, Assistant Director
National Legislative Commission
The American Legion
to the
Subcommittee on Military Personnel
Committee on National Security
U.S. House of Representatives

March 30, 1995

Mr. Chairman, The American Legion appreciates this opportunity to express its concerns regarding medical issues facing the military. Last year, Congress held hearings concerning health and medical care issues surrounding the growing number of active duty personnel complaining of illnesses they believe resulted from their service during the Persian Gulf War. As a result, veterans and active duty personnel are now receiving medical attention.

Last year, DoD finally started their registry for active duty personnel. Contrary to DoD's initial position that only a couple hundred active duty personnel were experiencing health problems, over 15,600 names now appear on DoD's registry. In fact, active duty personnel have responded faster to DoD's registry than did participants of the Department of Veterans' Affairs (VA) Persian Gulf Registry. Unfortunately, there are still many service members on active duty who will not come forward for a variety of reasons. The American Legion will continue to encourage both veterans and active duty personnel to participate in either VA's or DoD's Registries.

Recently, The American Legion has been in contact with numerous veterans from Great Britain and Canada. Like the past experiences of Persian Gulf veterans here in America, veterans from Canada and Great Britain are having difficulty getting recognition from their respective governments. The American Legion would like to recommend the possibility of including some of our allied veterans on DoD's Registry at medical facilities overseas. The American Legion would encourage DoD or the State Department to nudge the Coalition Forces into accepting the responsibility of caring for their ill Persian Gulf veterans.

Mr. Chairman, The American Legion is encouraged by the overall progress on this issue. However, much more needs to be accomplished to find a solution to the growing number of Persian Gulf veterans who are experiencing health problems. In January, the National Academy of Sciences, Institute of Medicine (IOM) released the first of several reports concerning their findings in regards to health concerns of Persian Gulf veterans. Although the report credited VA and DoD with addressing health issues concerning Persian Gulf veterans, the report heavily criticized those departments for their fragmented reporting, tracking and research efforts.

The American Legion agrees with much of IOM's report. However, the IOM also stated that there is little medical or intelligence evidence to suggest that the illnesses are a result of chemical or biological warfare agent exposure. The Legion believes there is strong evidence available to indicate that many illnesses may be a result of chemical or biological warfare agent exposures. Since DoD maintains that chemical and biological exposures did not occur and that these types of weapons were not present in the theatre of operations, military doctors providing health care to sick veterans and their families refuse to consider the possibility that personnel may have been exposed to these types of agents. Ignoring the possibility that service personnel may have been exposed to chemical and biological warfare agents may prevent some personnel from receiving proper medical care. The American Legion is also confused why one member of the IOM received a classified briefing when DoD maintains that there is no classified information surrounding the issue.

Although DoD maintains that the symptoms experienced by sick veterans are commonly represented in the civilian population, VA's Birmingham, Alabama study finds that the symptoms of forgetfulness and memory loss are symptoms not readily found in the civilian population as a whole. Memory loss or forgetfulness can sometimes be caused by stress, but it is also a common and distinct symptom found in persons exposed to nerve agents. A review of available medical literature on the effects of personnel exposed to low levels of chemical warfare agents reveals that the problems experienced by Persian Gulf veterans are identical.

Last year, the Senate Banking Committee under the direction of Senator Riegle (D-MI) investigated the possibility that personnel were exposed to chemical and/or biological warfare agents. As a result, the Committee released three separate reports. The information contained in these reports reveals that some personnel were indeed exposed to chemical warfare agents and that these agents were stockpiled in the theatre of operations. The American Legion would strongly suggest that this Subcommittee read those reports.

Since the intelligence community maintains that there is no evidence of these types of exposures, DoD has made a decision not to explore this issue further. Ironically, intelligence is the result of a process that begins with the collection of information on the battlefield. Testimony before other Committees, as well as other agencies, indicated that chemical alarms and sensors were sounding constantly. Many of the alarms sounded directly after overhead explosions. In conjunction with the explosions, soldiers were ordered into full protective clothing and many experienced sensations that directly parallel chemical exposures. The Joint Chiefs of Staff intelligence section authorized for publication "The History of the 2nd Marine Division During Operation Desert Shield/Storm." Interestingly enough, the publication discusses the explosion of an Iraqi chemical mine during breaching operations that resulted in Marines receiving mustard gas burns. We are also confused why DoD would authorize awards for individual soldiers who detected chemicals and for chemical injuries, then adamantly deny the presence of chemical agents in the theatre of operations.

-3-

The American Legion is also concerned because material safety data sheets (MSDS) prepared by the U.S. Army Chemical Research, Development and Engineering Center, at Aberdeen Proving Grounds, Maryland indicate that unhealthy nerve agent exposure occurs at levels as low as 1/1000 of the amount required to set off the M8A1 alarm which was widely employed during the Persian Gulf War. Mr. Chairman, this is significant; according to the safety data sheets, prolonged exposures to these undetectable low levels of nerve agent can cause delayed toxic effects.

Iraq was also well versed in the toxicity of low level nerve agent exposure. The American Legion has obtained a copy of an Iraqi field manual classified "Iraqi Restricted" which was translated by the Defense Intelligence Agency (DIA) as an unclassified document entitled "A Course in Nuclear, Biological and Chemical Protection." The document specifically states that "these agents have a cumulative effect; if small dosages are used repeatedly on a target, the damage can be very severe."

This information coupled with the confirmed and valid Czech detection; the DIA statement made in GAO report number GOAD/PEMD-94-30 about the Czech detection "resulting from live agent testing or a possible accident involving chemical agents among coalition forces;" veterans' sworn eyewitness testimonies; log entries recently released by CENTCOM; available medical literature on low level exposures to chemical warfare agents (A Comparative Study of Warfare Gases: Their History, Description and Medical Aspects, A U.S. Army Medical Bulletin published in 1923 by H.L. Gilchrest; Delayed Toxic Effects of Chemical Agents, written in 1975 by Dr. Karlheinz Lohs, former Director of Toxicology of the German Democratic Republic's Academy of Sciences; as well as studies performed by W. Hellman; W.C. Hueber; A. Weiss and others) and the Riegle Reports should make a sound argument to include chemical warfare agent exposure in current studies.

In regards to biological exposures, DoD does not have the technical capabilities, on the battlefield, to confirm or deny whether biological exposures occurred. According to DoD training manuals and GAO reports, there are currently no battlefield detectors for biological agents. Military personnel are taught to look for an abundance of dead animals, absence of insects on the dead animal carcasses and symptoms of illnesses that defy diagnosis and treatments. Every one of these signals was present during and after the Persian Gulf War. DoD maintains that the animals died of diseases endemic to the Persian Gulf. Mr. Chairman, the microorganism's used in biological warfare are also endemic to the Persian Gulf. In light of this information, The American Legion is confused how DoD can rule out possible exposures to biological agents.

To exclude chemical and biological exposures from the government's research efforts would be a serious mistake and should be aggressively pursued. This is extremely important, because UN weapons inspection teams are reporting daily how extensive Iraq's chemical and biological warfare program really was and how little the intelligence community knows about the complexity of Saddam's weapons of mass destruction.

Mr. Chairman, The American Legion is still very much concerned about leishmaniasis. A carrier can be asymptomatic and the parasite can remain dormant for many years. The disease can be transmitted through a blood transfusion and can survive in a blood bank. Presently, The American Legion knows of no known "gold standard test" for leishmaniasis and questions whether the decision to lift the blood ban on Persian Gulf veterans was safe and responsible. Current medical testing for the parasite remains difficult and elusive and therefore needs to be re-examined in the government's study. This Subcommittee should hear testimony from Dr. A.J. Magill, Major, United States Army about this disease. He is a leading expert on leishmaniasis and is stationed at Walter Reed Army Medical Center.

Recently DoD released preliminary results of 1000 soldiers who have enrolled in DoD's Comprehensive Clinical Evaluation Program (CCEP). Dr. Stephen Joseph recently stated that "only 15 percent of the soldiers cannot be diagnosed" and General Blanck, the Commanding Officer of Walter Reed Army Medical Center stated that "another 25 percent of these soldiers appear to have Chronic Fatigue Syndrome (CFS) or similar ailments." Mr. Chairman, The American Legion believes that since no one knows what causes CFS, this is not a suitable diagnosis and the percentage of unknown diagnosis should be 40 percent.

Because a large percentage of veterans and soldiers are given a diagnosis of CFS, an epidemiological study should fully investigate Mycoplasma Incognitus and recombinants of these mycoplasmas. Dr. Shyh-Ching Lo of the Armed Forces Institute of Pathology has done extensive research on mycoplasmas and has reported that patients with AIDS, as well as CFS demonstrate a high incidence of this elusive mycoplasma. Dr. Garth Nicholson at the University of Texas has reported similar findings in both CFS patients and Persian Gulf veterans. The American Legion recommends that this Subcommittee receive testimony from Dr. Lo and Dr. Nicholson on their findings and how the mycoplasma relates to CFS. An epidemiological study should also include research on Human Herpes Virus Type 6 (HHV6). Neenyah Ostrom has done extensive research in this area and we recommend that the Subcommittee hear testimony from her as well.

The American Legion is also concerned because the CCEP program is providing servicepersonnel with a diagnosis of their symptoms and fails to establish a cause. Since the inception of the CCEP, The American Legion has talked with numerous servicepersonnel about the care they have received through DoD medical facilities. Most ill servicepersonnel indicate that DoD medical doctors are diagnosing their symptoms and that the medication and treatments they receive do little to relieve or eliminate their medical problems. DoD appears more interested in finding a "known diagnosis" instead of addressing the real medical issue of finding a cause. Mr. Chairman, when AIDS patients first reported medical problems, the medical community provided these patients with a diagnosis of their symptoms and later learned that this type of a medical approach was a mistake. The American Legion believes that if DoD were to put forth the same efforts in trying to find causes of the medical problems, instead of diagnosing the symptoms and attempting to downplay the seriousness of

these problems, the medical care for sick active duty personnel would be greatly enhanced.

Mr. Chairman, in May of 1993, Dr. Edward Hyman of New Orleans testified before members of Congress concerning his findings of bacteria and yeast cultures found in urine samples of returning veterans. Dr. Hyman stated his belief that the bacteria and yeast are the proximate cause of the veterans' health problems and that more research is needed to determine how and why these cultures enter the urinary tract. In September of 1993, Congress agreed to fund Dr. Hyman's research and appropriated \$1.2 million towards Dr. Hyman's efforts. The bill was passed by Congress and signed by the President of the United States. The American Legion is concerned because the Department of the Army at the request of the U.S. Army's biological warfare research center in Ft. Detrick, Maryland has not yet released these funds.

To ensure Dr. Hyman would not lose his funding, Congress re-appropriated the original \$1.2 million plus another \$2.2 million in 1994. That legislation was also passed by Congress and signed by the President of the United States. The American Legion recommends that this Subcommittee receive a briefing from DoD on their decision not to provide these research dollars. The American Legion believes Dr. Hyman's research may be an important factor in uncovering answers to health problems experienced by Persian Gulf veterans.

Mr. Chairman, when veterans and their families first began to report their health problems, VA and DoD tried to deny that Persian Gulf veterans were ill. Then veterans were told their medical problems were all due to stress. Recently, veterans were told "we know you are sick, we don't know what you have, but you did not get it in the Persian Gulf." Now the explanation is "we know you are sick, here is what you have and you would have gotten this whether or not you went to the Persian Gulf." The facts still remain that healthy men and women deployed to the Persian Gulf War and since their return, their health has deteriorated. Whether veterans incurred injury or aggravated an existing condition, this nation has an obligation to make them "whole." The American Legion would like to ask the Subcommittee to consider future hearings that focus on veterans' testimonies in regards to the medical care and treatment they receive through DoD's CCEP, VA's Persian Gulf Registry and civilian health care providers.

Mr. Chairman and members of the Subcommittee, this concludes my testimony. Thank you.

NEED FOR AEROMEDICAL EVACUATION MODERNIZATION

Mr. Dornan: Do you as the Army Surgeon General and Commander of the Army Medical Command have primary responsibility for providing adequate and effective evacuation of the wounded from the battlefield?

General LaNoue: As the Army Surgeon General, I have propensity for all aspects of medical support to include medical evacuation.

Mr. Dornan: What other major activities within the Army Leadership share that responsibility and what role do they play?

General LaNoue: Military commanders at all levels have a responsibility to plan for patient evacuation for their commands. Medical evacuation is the responsibility of the Army Medical Department through air and ground assets. While I am the proponent for combat health support I must work closely with proponents of other Army systems in those areas where common requirements overlap in materiel development and acquisition.

Mr. Dornan: Other than clearing the battlefield of wounded, what other Medevac missions have been assigned to your command by the Department of Defense?

General LaNoue: Defense Planning Guidance charges the Army to provide aeromedical evacuation support to Navy hospital ships. Aeromedical evacuation plays a key role in support of the Army's tri-service logistics, blood, and veterinary missions, as well as transport of key medical personnel, equipment and organs. Joint military doctrine is evolving to give the Army a more active role in combat search and rescue. Additionally, Army aeromedical units actively participate in domestic support through programs such as Military Assistance to Safety and Traffic program.

Mr. Dornan: When considering deficiencies in accomplishing your mission and the need to modernize your aircraft capabilities do you have medical resources identified within the Army budget process to do so?

General LaNoue: The Army Medical Department has been successful in obtaining an approved requirement for the UH-60Q medical Black Hawk. The requirement has received \$17 million to continue the airworthiness integration of its systems. A funding line has also been developed for the Program Objective Memorandum. However, at the present time, the UH-60Q program has not been resourced.

Mr. Dornan: In the Army budget process, do you, in fact, have to have your aircraft needs approved by the Army Aviation Center who has no MEDEVAC responsibility and is primarily concerned with lethal combat aircraft?

General LaNoue: Our requirements are not approved by the Army Aviation Center. The Chief, Army Aviation Branch is the proponent for all Army Aircraft and as such has a responsibility to balance his concerns among several categories of aircraft to include attack, cargo and utility helicopters.

Mr. Dornan: Based on past history, has in fact, attack and assault aircraft taken top priority in Army funding with Medevac aircraft receiving little or no attention?

General LaNoue: The priority for Army funding of aircraft systems is determined by the Chief, Army Aviation Branch and validated by the Army Staff. The Deputy Chief of Staff, Operations has responsibility to set priorities for modernization. In the past few years aeromedical systems and units have fallen behind the modernization pace of other Army aviation systems and units.

Mr. Dornan: It is our understanding that in the Army Modernization Plan you have identified medical evacuation modernization as your number one near term modernization priority, is this true.

General LaNoue: Yes. That is my priority.

Mr. Dornan: What were the aeromedical deficiencies found during Desert Shield/Desert Storm based on a fast paced battlefield with the limited range and capabilities of Medevac helicopters?

General LaNoue: The speed of ground combat operations and the lack of modularity of the Corps hospitals created lines of evacuation that exceeded the capabilities of the UH-1V and UH-60A. Lack of communications, range, and navigation upgrades frequently caused aircraft to be out of sector for extended periods of time. Four aircraft were lost in combat actions due to deficiencies in navigation systems, night vision capabilities, and situational awareness. These deficiencies were noted in the Army's Operation Desert Storm Lessons Learned, Volume III (C) Operational (U) and the United States General Accounting Office 1992 Report on Operation Desert Storm, "Full Army Medical Capability Not Achieved."

Mr. Dornan: What are the problems involved in moving the hospitals during a mobile battlefield situation such as Desert Storm and how does that impact upon casualty care?

General LaNoue: Current Corps hospitals were designed during the cold war to support a NATO scenario. The medical capabilities of Army hospitals are excellent. However, the battlefield hospitals are large, cumbersome, and resource intensive to establish and displace. This lack of mobility requires a comprehensive, dedicated evacuation system to maintain the continuum of care from site of injury, enroute treatment, and admission to a Corps hospital. The redesign of Corps hospitals is being addressed in the Medical Reengineering Initiative. The Army's aeromedical system gives the medical commander agility and depth on the battlefield.

Mr. Dornan: Based upon the known, and still existing deficiencies, can you explain your operational concept for aeromedical evacuation improvement considering improved helicopters at Brigade and Division Level, new fixed wing High Capacity Air Ambulance (HCAA) aircraft to link between Division areas and the rear area hospitals, the introduction of forward surgical teams, and the provision of enroute treatment aboard the HCAA aircraft: all with stable rear area hospitals?

General LaNoue: My concept of operation for the future battlefield is to leverage technology to acquire the casualty, evacuate the casualty to a far forward surgical team, perform the required medical intervention and evacuate to a Corps hospital for more definitive care. The Army Medical Department is currently undergoing a comprehensive review of its combat health system through the Medical Reengineering Initiative. The concept will be completed this year and submitted for approval as the Branch Concept. It is presently envisioned that the UH-60Q would operate the air link between the brigade, division and Corps areas. The Armored Ambulance and HUMMV would do the ground evacuation mission. Forward Surgical Teams must be supported by aircraft more capable than today's UH-1V and UH-60A. Less stable patients will be transported over greater distances and require more sophisticated enroute care. The requirement for a High Capacity Air Ambulance has not been fully developed. The Medical Reengineering Initiative must validate the medical requirements to support the warfight scenarios. At the present time it is premature to state that a new air ambulance is required.

Mr. Dornan: Did you develop concept, mission need statement, and operational need statement, and operational need documents for your Medevac needs, to include the High Capacity Air Ambulance (HCAA)?

General LaNoue: A mission need statement was forwarded to Training and Doctrine Command - TRADOC - in April 1993. The supporting concept plan is currently included in the Medical Reengineering Initiative - MRI - concept which is in the final stages of development. When completed, the HCAA concept with supporting mission need statement and operational requirements document will be included in the evacuation panel of the Medical Reengineering Initiative and submitted if validated in the final stages of the MRI process.

Mr. Dornan: Why were these requirements documents delayed and held at TRADOC and the Army Aviation Center for two years?

General LaNoue: In April 1993 the mission need statement was submitted to Training and Doctrine Command - TRADOC. Through the course of the normal staffing process a decision was made to make the High Capacity Air Ambulance - HCAA - a component of the Army's fixed wing modernization strategy. The fixed wing modernization strategy, with an HCAA appendix, was written and sent through TRADOC to Headquarters, Department of the Army for approval. In August 1994, the MRI process began. In December 1994, a coordinated decision was made to separate the HCAA requirement from the fixed wing investment strategy and incorporate the HCAA into the Medical Reengineering Initiative. Requirements documents should not be submitted unless the requirement is established.

Mr. Dornan: Is the welfare of American casualties, the husbands, wives and children of our citizens, less important than the modernization of every combat aircraft before the adequate equipping of contingency force Medevac units?

General LaNoue: I believe that medical evacuation units should be modernized at the same time and same rate as the combat units they support. The ability to keep pace with the combat units we support and the ability to be logistically supportable on the battlefield maximizes system efficiencies. Inefficient combat health systems hinder the warfight and delay proper treatment of casualties.

Mr. Dornan: With the proper evacuation and care of our wounded, would in fact the overall readiness of our military be improved, especially during time of war?

General LaNoue: Proper care of the wounded is a force multiplier. History shows that soldiers who know they will receive proper care, if wounded, fight harder than those who believe they do not have adequate medical support. It is a morale issue and we owe nothing less than the best medical care to America's sons and daughters.

Mr. Dornan: Would the National Guard be an ideal candidate to receive modernized equipment, such as the Black Hawk UH-60Q and HCAA aircraft, thus providing the desired Medevac capabilities for the contingency forces?

General LaNoue: All components of the Army designated as first to fight - that is, the contingency force - require modernized equipment. It is imperative that all medical units regardless of component are trained, equipped, and ready to support the contingency force. The reserve component provides approximately 70% of the medical forces required to support the National Military Strategy. We must have adequate medical evacuation support in the active and reserve components combined, to support America's Army. I am confident that the National Guard is fully capable of providing a major portion of the support required.

Mr. Dornan: Could, in fact, the National Guard Medevac aircraft provide disaster relief assistance, plus the movement of CONUS military patients, during peace time, thus making a contribution to our National concerns on health care?

General LaNoue: The National Guard's contribution to the Army's medical readiness and added value to the total force is well known. When tasked by the appropriate civilian or military authorities all military force structure can be used to support national health care concerns.

MANNING THE FORCE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Tuesday, April 4, 1995.

The subcommittee met, pursuant to call, at 2 p.m., in room 2212, Rayburn House Office Building, Hon. Robert K. Dornan (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. The Military Personnel Subcommittee will come to order on the 4th of April 1995. The genesis, the day that Martin Luther King was shot. I do recall. Rest in peace, Martin.

The genesis of this hearing was my visit to Haiti last fall where I encountered an Army Special Forces A-team. Actually, I encountered several A teams at about four different sites, that were doing their typical superb job.

I went to spots out in the hinterlands, Ganeves, St. Mark's, all the way up to Cape Haitian in the north, and saw a sampling of what Special Forces A-teams were doing in 27 locations. The most disturbing fact about their operation; as a matter of fact, about the only one that comes to mind, related to manpower; specifically a manpower shortage.

It was so bad that I flashed upon my second of eight visits to Vietnam during the war. The first one, flying an aircraft. The other seven as a correspondent or taking wives and mothers of missing-in-action men to tour all four corps areas.

My first visit where I was on my own, on the loose as a journalist, was May of 1966. I went out in the field with Echo Company's 2d Battalion night Marines and they were 22 percent manned, partly because of casualties. They had always operated at 50 percent manning level. This is May of 1966.

I flashed on that in Haiti when the commander of this A-team at Ganeves said, well, we are supposed to have 13 people, Congressman, but there are only 8. I said, does this exist with most of the 27 locations? They said, yes, sir, but we are getting the job done.

There was that can-do, gung-ho spirit that is great and they were working overtime, sleeping short hours. It just made me want to have this hearing. Why should such undermanning have occurred in the midst of a near-combat situation? The man who was killed was shot after I was there.

Why this should happen in such a highly demanding operation in the unit that I would have thought would have received the highest priority for manning and equipment, absolutely puzzles me.

I did not understand the reasons behind why. I read in the Washington Post just recently how turnover in front-line Army combat units in Germany has become so rapid and so widespread that commanders refer to it as "Hurricaning—the gale of young officers blowing through a unit so fast that they barely touch the ground."

The same commanders called such hurricaning the No. 1 destroyer of unit readiness. I was shocked to learn last week that one of the contributing factors in the deaths of four young Army Rangers in the Florida swamps was at the end of their training, tragically enough. It was the Army's intentional undermanning of Ranger School officer positions, as well as the rapid turnover of both the leaders and the instructors in the staff at the Ranger School. Here we are, three young officers, outstanding young officers, and an outstanding mid-career sergeant dead.

Readiness is being undermined in Germany. Those Army Special Forces A-teams, all language qualified, running the power generators, cleaning up the sewage, purifying the water, putting the kids back in school, doing the best job they possibly could for this pathetic poverty-stricken country of Haiti, but they are doing it for America.

Our flags are flying there. They are doing it with 60 percent of the manpower they are supposed to have. Only one question comes to mind. Why? The common thread appears to be a shortage of manpower.

That there is a shortage of manpower seems not to be a problem of sufficient concern to Army senior leaders for them to bring it to congressional attention. I hope I am wrong on that. So far, Army testimony before the House National Security Committee and this particular subcommittee has been that an end strength of 495,000 is adequate to do all that the Army needs to do or anticipates doing.

Additional manpower is not mentioned among the wants or needs of Army leaders when asked how they might spend additional funds if Congress provided those funds. The Army's consistent position is and has been, that while the high operations TEMPO and the deployment TEMPO, combined with reduced end strength, has stretched the force thin, there are no serious manpower related readiness or quality of life problems.

If the problems that I referred to in Haiti and in Germany and down there in the swamps of Florida are not serious, then I don't know the definition of the word.

Today's hearing is an attempt by this subcommittee to challenge the Army's position that it does not have a manpower problem. I will lay out the objectives for both of my panels. The members of panel 2 are here.

Panel 1 is already in the first trench there; to determine the extent to which the Army has undermanned the force, and to understand the implications of the undermanning for readiness in personnel TEMPO, and second, to assess whether tier manning makes sense for the Army, given the significantly reduced Army structure

and end strength today, as well as the shortened response times and short war scenarios envisioned by the Bottom-Up Review.

Before I recognize my ranking Democrat, Mr. Pickett, I would like to set some ground rules for the hearing, especially with regard to questioning of the Army witnesses on the second panel. I made mention of the death of these four outstanding Ranger students because of manpower shortages, the specific focus of the hearing, I repeat, and that it contributed to their deaths.

I would ask my colleagues on the panel, however, to refrain from focusing in with any questions regarding the details of that accident, or the Army's investigative findings and recommendation.

The reason I do that is because on Thursday afternoon, this week, at 1 o'clock, this subcommittee is going to receive a full briefing from Army leaders who were in charge of the investigation, as well as those leaders who were in charge of any disciplinary or any corrective action.

Mr. Pickett, would you like to make an opening statement, sir?

STATEMENT OF HON. OWEN B. PICKETT, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

Mr. PICKETT. Thank you, Mr. Chairman.

I, like you, have become increasingly concerned about manpower shortages. This subcommittee heard revealing testimony several weeks ago about Army units that have been severely stressed over the last 2 years while performing operations other than war.

The intense personnel TEMPO experienced by these units has far-reaching implications for readiness and families. What is most distressing is that we have now come to learn that many of the most heavily tasked units are the most undermanned in the Army.

An excellent example is the 7th Transportation Group located very near my district at Fort Eustis, VA. Sergeant Major of the Army, Richard Kidd, gave compelling testimony on March 7 as to how high operations TEMPO and increased deployment has resulted in an 11-percent increase in counseling for family and child abuse cases. He stated that the number of family abuse cases had increased from 108 in 1993 to 155 in 1994.

Events within the 7th Transportation Group became even more troubling when I was told that the unit was only manned at 83 percent of requirement. The 7th would be better able to meet its mission requirements with less stress on servicemembers and their families if they were adequately manned.

Sergeant Major Kidd seemed to emphasize the importance of manning when he suggested that much of the stress did not come from the deployments themselves, but from the extra work that occurs when the troops who stay behind are required to perform additional duties to make up for those who are deployed. Much of the stress that stems from this type of workload can be relieved with better manning.

Mr. Chairman, I am not one to advocate commitment of troops without the utmost caution and justification. Even then, the mission must have clear achievable objectives, and a fixed and time-certain exit strategy.

While we may prefer otherwise, operations other than war are a reality of the new world order. If these new missions demand more of our support units, like the 7th Transportation Group, then it seems reasonable that such units be structured with tier manning, and that the assignments of these high-intensity units be carefully prioritized. Thank you, Mr. Chairman.

Mr. DORNAN. Thank you, Mr. Pickett.

I understand that the former chairman of this subcommittee who did an exemplary job for 2 fast years, the immediately preceding years, would also like to make a statement. Mr. Ike Skelton of Missouri.

Mr. SKELTON. Mr. Chairman, I normally don't make statements, but this is of such key importance. I think in the back of our minds as we listen to this testimony and ask questions of these distinguished witnesses, we should remind ourselves that there is going to have to be a payday, come budget time, on the military.

I am hoping against hope that the civilian Pentagon will recognize this and come forward and address this far better than they have in the past. I also think that as we go forward, we should keep in mind the testimony the other day of General Stroup.

General Stroup testified that at 532,000 the Army was stretched and stressed. I asked him what it would be at 495,000, should it get to that figure. He said it would be stretched and stressed more, but with the old Army attitude, we can do it.

Mr. Chairman, I would, somewhere along the line, urge that we think about putting a bottom line on the Army end strength because it is a cash cow for other areas. We are just going to have to belly-up and put a bar on these issues. Thank you.

Mr. DORNAN. All right. Thank you.

Let me now introduce the first panel. Gen. Jack N. Merritt, U.S. Army (retired) who is president of the Association of the United States Army. He will go third in order today I understand. Lt. Gen. Thomas P. Carney, U.S. Army (retired), most recently retired Deputy Chief of Staff for Personnel of the Department of the Army; and Col. Raoul H. Alcala, who is one of the architects of the Army Base Force, through his consulting company, Alcala Enterprises.

All three have testified previously before this subcommittee. I welcome them. General Carney, you will give prepared remarks to be followed by Colonel Alcala, and then General Merritt. I can see by looking at the bios, General Carney, that the colonel was your upper classman at West Point.

I hope you have fond memories of that experience.

General CARNEY. I treat it with great respect, sir.

Mr. DORNAN. All right; great.

Please lead off, Thomas Carney.

STATEMENT OF LT. GEN. THOMAS P. CARNEY, U.S. ARMY (RET.), FORMER ARMY DEPUTY CHIEF OF STAFF FOR PERSONNEL

General CARNEY. Thank you, Mr. Chairman and members of the subcommittee. I am delighted to be back on this very important topic of personnel readiness to which I have devoted several years of my life. I have submitted a statement for the record and ask

that it be submitted for the record. I will summarize that briefly as follows.

The essence of personnel readiness is the essence of the personnel business. It is to recruit and retain high quality, trained, and fit soldiers with high morale believing in what they are doing; place them in sufficient numbers into trained and ready units, and to have them lead by warriors who are masters at the art of warfare at the Ph.D. level.

So, the personnel business is much more than getting numbers of people into units, which I hope we will not devote the majority of our time on today. I, too, Mr. Dornan, recall the Viet Nam days of a company that I lead that was supposed to have 176 paratroopers that, more often than not, went to the jungle with 90. That was a no-go, but we made it work. Nonetheless, it shouldn't have to be that way.

Mr. DORNAN. Again, with less sleep than the body should have.

General CARNEY. Absolutely, because we were still on the ambush patrols on three quadrants outside that little base there. Nobody got any sleep.

Still, readiness is more than just sufficient numbers in the units. For example, a piece of the morale component is adequate compensation. I still worry that with the 12 percent fall back from the comparable civilian salaries that we are going to cause that to be a major headache in the years to come.

Soldiers that I know, for the past several years, continue to be insulted by the 0.5 percent below the employment cost index that was caused by the need to reapply dollars to the Federal civilian locality pay; that sort of thing; continuing attacks on commissaries and exchanges, all parts of the compensation component, attacks on retirement COLA, fooling around with health care. All of that adds to that important personnel readiness component called morale.

Recruiting and retention. This committee will be ruling on a significant increase in the advertising budget. I know Mr. Montgomery and Mr. Skelton, none of you who are here today need to be reminded how important the advertising is to a successful recruiting operation.

We need dollars to train. That is a component of personnel readiness. Bored soldiers are not good soldiers. They will vote with their feet and they will depart. They need time to train. That is not unrelated to the hurricaning that you were talking about in Europe.

Hurricaning can, in part, be described as a temporary phenomenon during the draw down. Temporary, happens to be a 5-year phenomenon, unfortunately caused in great measure by the needs that the Army had of reducing its captaincy by about 700 per year.

This means that 700 captains departed who weren't otherwise programmed to do that. As a consequence, they had to be replaced by someone else in whatever unit they departed from. The Army did not simply fire everybody who was in the unit that went away.

There was a constant rotation. That problem continues. I see it continuing through fiscal year 1997, unfortunately. It should then stabilize. All of the models that were worked would show that stability will improve in a smaller Army because the need to fill overseas units will be lower than it was before.

Personnel readiness also relates to the number of civilian personnel. A unit that is already short people—it has to send people over to do civilian jobs because civilians have been cut—is not a ready outfit. I am talking about the phenomenon that we call borrowing military manpower.

It is of great concern to me that the Army has declined in civilians from 403,000 to its objective of 232,000. That is rather dramatic and I say will have a personnel readiness component in the units.

Mr. DORNAN. General Carney, would you hold your statement there for just one second? I have to explain a problem I have here.

I was supposed to be in three places at once. Fortunately, the Intelligence Committee, which is having its personnel manning hearings today, was kind enough to put that one off until tomorrow.

I have an amendment up on the floor, I think, right now. I don't want to loose this window. I am going to do two things at once here. I am going to take your statement, General, read it on the electric train over and back, and also the material on our two witnesses and the ones coming up.

I will turn the gavel over to a Citadel graduate. He always thrills at having West Pointers in front of him. If my good friend from Indiana will take care of the cockpit here, I will be back as fast as I can. Leave all of my junk here, except all of my amendments. Hopefully, I will achieve victory on the floor; good cause.

Mr. BUYER [presiding]. Please continue.

General CARNEY. If these fit soldiers are going to have that high morale, they have to have confidence in their equipment. We are very concerned about that. I know General Merritt will have something further to say about faith in their equipment.

The quality-of-life component is very important in personnel readiness with two-thirds of the Army married; they worry a great deal about the care and feeding, of the family housing, of the barracks, and so forth. Previous testimony has shown you that that's considerably inadequate.

They are also worried to a great extent about medical care. What can you do? You are already working those problems that relate to personnel readiness that I have previously described. There are two technical areas, I believe, however, where this committee could in fact help the Army.

They are both in the form of constraints that I think should be lightened or removed. First is the DOPMA constraints against field grade officers and senior enlistees. The Defense Officer Personnel Management Act of 1981 essentially structured the officer core in a pyramid fashion, as well it should be, in a cold war background which, in my view, has been overcome by events to a great degree.

The officer-to-enlistee ratio in the cold war was about 1 to 6. The Army is building toward a 1-to-5 officer-to-enlistee ratio which still, as the chairman has mentioned, will be considerably short in officers. The reason is they are building that officer corps to those DOPMA.

This means that there aren't enough higher grade field, field grade, particularly majors and lieutenant colonels, master sergeants, and sergeant majors to accommodate a greater demand

than we had during the cold war in the joint arena, as well as in the active component support to the reserve components.

Last year, this committee and the Congress granted that relief to the DOPMA constraints, but only granted a temporary relief. That wasn't good enough because that does not allow the Army to structure the last 3 years of its officer corps drawdown with any confidence that that won't be reversed.

If it were reversed, then they would find themselves in 1997 with too many majors and lieutenant colonels on the books and they would have to start all over again. They don't want to do that. I really urge that the committee look again at making that DOPMA relief a permanent fix.

The second constraint relates to the way we access soldiers. The soldiers sign a contract with the Secretary of the Army. It is for a total of 8 years. Two, three, four or five may be on active duty and the remaining up to 8 years will be in the individual Ready Reserve.

When we wanted a very large individual Ready Reserve to fight the Warsaw Pact it made a lot of sense. What we need now, however, is the flexibility to be able to fill those wartime requirements that you all are so rightfully concerned about.

That difference between the 540,000 wartime requirements and the 495,000 number of people can easily be accommodated in an emergency with the 90,000 that left within the last year. We call them RT-12's. Those who have departed within the last year, their skills are still pretty darn good. They could be brought in on a case-by-case basis or fillers if their enlistment contract were to be written in that fashion.

The constraint is really back to the issue of mobilization; Presidential callup authority. My view is that if you wrote the contract right; if the young person understood up-front that he would be putting in 2, 3, 4, 5 years active, 1 year where the Secretary of the Army could call him back as an individual filler, and then the remaining for a national mobilization by the President, then we would solve an awful lot of these problems that we are talking about and the Army would be a lot more ready.

Should the Army have more people? Of course. Can the Army afford more people with the budget constraints that were placed on it? Of course not. That is the difficulty. When the chief talks about having the force in balance, he is talking about the structure. He is talking about the manning. He is talking about the meager dollars that he has placed into modernization.

Yes, it is true that the Army has not said if given more money, then it would buy more people. The Army has said it would buy more trucks and ammunition, a little bit more modernization and fix some more facilities. That is what the Army has said. I happen to agree with them. The key is balance.

If you were to add 10,000 that is a bill of about \$300 million that was not in the Army budget to start out with. Balance is really the key to personnel readiness because all of that relates to personnel readiness, including that equipment component that gives that soldier that confidence, that showed up so well in Desert Storm.

That completes my testimony. I look forward to your questions.



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Statement by

**Lieutenant General Thomas P. Carney
United States Army, Retired**

representing

The Association of the United States Army

before the

Military Personnel Subcommittee

of the

Committee on National Security

House of Representatives

Manning the Force

April 4, 1995



Mr. Chairman, members of the committee. Thank you for the opportunity to testify and present the views of the Association of the United States Army as they relate to the personnel well-being of the Force. Few topics are as fundamental to individuals responsible for ensuring that our nation continues to be served by an Army made up of the finest soldiers in the world.

The manner in which the Army mans the force is not the product of happenstance. It is not the result of serendipitous events beyond even the remotest influence of the Army's senior leaders. The personnel state of the Army is generally predictable based on a deliberate planning methodology to which the Army adheres. The precision of these forecasts and the results of management decisions is less than perfect. The Army is subject to budgetary realities and assumptions, as well as the political influence to which the national military strategy is subjected. Decisions made several years ago, based on best assumptions at the time often have unanticipated consequences thanks to political changes in the Administration or the Congress, international events over which we have no control and little influence, and other factors.

Keep in mind that for some time, Army leadership did not know where the bottom was or when the drawdown would level off. While nothing is certain today, there is a sense of to what end the Army end strength is moving.

Army structure and strength is based on national security strategy. The current national security strategy, with a two Major Regional

Contingencies capability, is both reasonable and appropriate. In fact, our country does not have a responsible alternative. A lesser strategy would not serve our national interests. A single Major Regional Contingency approach, as some would propose, would not ensure our ability to protect global interests, and at some time would surely tempt others to test our resolve. History has demonstrated the results of a minimalist strategy in peace which leads to dead American soldiers in war.

In recent years, "readiness" has become a term used to justify almost everything. While this can be taken to the extreme, it is a healthy turn of events for the Army that readiness has become recognized as the unit of measure. In fact, everything the Army does, every policy, every decision, should have as its primary consideration, its impact on readiness.

Personnel readiness, then, is a very valid consideration that has many components. Personnel readiness is much more than a consideration of the number of people authorized and the number of people in the right specialties assigned. All the elements of personnel management are fundamental to the personnel readiness of the Army.

The testimony we bring to you today explains the Army as we see it today. It focuses on several areas. It talks about the need for the right level of compensation for our forces, the correct number of people to man the structure to meet commitments, adequate medical benefits, appropriate recruiting and retention resources, and suitable housing and other quality of life measures. Today's Army is an all volunteer, essentially married Army. Fully, 77.4% of the officers and 62.3% of the enlisted force are

married. These numbers climb to 84.8% and 86.4% respectively when lieutenants and first term soldiers are excluded from the equation.

The Army must attract, recruit, train, and retain the most qualified and capable collection of Americans it is able. The smaller the force, the more critical this task. Advertising seems unnecessary only to those who know nothing about the military personnel system. We should be advertising more aggressively than ever. Current budget requests must be approved, if not increased. A high quality volunteer force simply does not come cheap. I know of no one who talks seriously of reduced quality or a return to the draft.

Pay and compensation warrants special mention. Members of the all volunteer force deserve equitable levels of compensation in return for their dedication to a profession that requires them to truncate their careers at the point in their lives when contemporary civilian professionals are moving into the senior, most highly compensated strata of their chosen field. While the retirement annuity may be lifetime, it is also largely insufficient to maintain a standard of living. In fact, the military retiree nets an average monthly retired paycheck of \$1,312. This, of course, comes with a mandate, not a choice, to begin a second career -- often at the most basic entry level.

Personnel readiness is adversely impacted when the career force loses faith in the institution's ability and willingness to deliver on the promise of fair and equitable compensation. Today's soldiers are acutely aware of the attack on COLAs in recent legislation. Equity is the key.

Active and retired military are tough enough to accept equitable treatment but the Administration and the Congress is playing with fire when the military is identified as the early, most opportune target.

Family support and quality of life systems are also integral to personnel readiness. The negative impact on readiness is significant when we require soldiers and their families to live in housing that would be scandalous were it anywhere but on a military installation. Soldiers do not reenlist and find it hard to train to peak capability when they are concerned that the spouse and children left behind may be unable to get the most basic family services, in an unfamiliar location. Again and again, soldiers indicate that they are unable to concentrate on the mission and their personal performance when they are overwhelmed with concern for the welfare of their family. The right compensation includes cost of living adjustments, pay comparability, commissary and exchange benefits, health care, retirement, and many others. Regardless of the political party in power, in Congress or in the White House, the Army will be committed to engagements around the world with little or no notice. Family separations will be more frequent and extended. Inattention to any facet of personnel readiness cited here will have disastrous results.

Inseparable from family support and quality of life issues is the health care system. The United States is obligated to provide the world's finest combat casualty care to all personnel in uniform. It doesn't stop here. Peacetime medical care is equally important. This is vital to active duty soldiers and their young families. There has been so much publicity regarding the changing military health care system that it

remains among the highest concerns expressed by military members and their families. Army Research Institute and DCSPER surveys bear this out. A 1994 sample survey of officers and enlisted personnel revealed that far more than half were dissatisfied with the current level and availability of medical care. The flourishing uncertainty about the future of military medical care only makes the situation worse. Needless to say, this is also significant to the soldier considering a career in the Army. Active duty soldiers are watching closely the disappearance of health care for military retirees and their families. There is uncertainty, anxiety, and anger, not only in the retired community, but among those soldiers who hope to serve a full career and some day retire from the Army. Sanctioned or not, free health care for life was a frequently used and very powerful recruiting tool. The reasonable evolution of the DoD health care policy is understandable but America's soldiers -- active, retired -- and their families see the virtual abandonment of entire segments of the beneficiary population by the Department of Defense, and, I fear, the Congress of the United States. They may or may not register this concern at the ballot box; we have not yet been a particularly effective block voting population. However, I have a real concern that those on active duty will vote with their feet. Retention may soon become a very real personnel readiness problem.

The Army has chosen to maintain a trained operating strength deviation of roughly 4,000 soldiers, estimated to grow to 8,000 by 1997. The situation is aggravated by support to the Guard and Reserve, joint requirements, special duty assignments, and the military manpower borrowed to do jobs going undone thanks to reductions in civilian personnel. The

easy (but dangerously incorrect) solution is to decrease the force structure. Fewer units would mean fewer requirements over which to spread the limited number of personnel. However, it would also mean that the national military strategy would have to be rewritten and scaled back. The Army has provided the national command authority with a force structure required to achieve the national military strategy. The Army walks a tightrope between protecting sufficient structure to perform the national military strategy and undermanning the hollow force.

Just adding end strength is not an answer, however. Added end strength, without additional funds, will actually lower readiness because money will be drained from operations and maintenance accounts to pay the added salaries and other personnel costs. As serious as this problem may be, the fact remains that an unlikely infusion of cash into the Army coffers would be spent in several places where the need is more critical. The half of one percent pay disparity would be eliminated, family housing would be improved, and the health care situation might be addressed from a different perspective.

In addition, we have the severe training dollar shortfall and the terrible state of Army modernization. The Army has strongly said that modernization is severely under funded. An excellent argument could be made that additional funds of any magnitude should go to a modernization effort before manning levels are increased. Without additional funding, the Army will be hard pressed to field a modern force not long after the turn of the century. Reducing the force structure is not a rational option.

because it would undercut the national military strategy. The Army is following the only real option open to it at this time.

Personnel readiness is the foundation upon which readiness is either sustained or destroyed. There are personnel readiness areas where the Congress can be most helpful and there are other areas on which the Army has a pretty good handle and where congressional involvement is not required.

A direct product of the Army's radical reduction in end strength has been the dual problems of personnel shortfalls in units and a high rate of personnel turbulence. Units not fully manned cannot train to peak efficiency. Individual and unit competences are certainly strained when the personnel turbulence level is high. These eventualities were predicted and come as a natural and unavoidable, consequence of the large drawdown the Army has experienced. In eighteen months, the problem will dampen, but until the problem goes away, there are significant impacts on the readiness of particular units to perform their wartime mission. You cannot reduce the force at the rate and in the manner we have without suffering these risks in the process.

The systemic shortage of officers is very real in the Army. Ironically, the shortage comes as an unintended consequence of legislation that was meant to make the force better. The Defense Officer Personnel Management Act (DOPMA) created a structure of officer authorizations closely resembling a pyramid. Unfortunately, the joint duty requirements of DOPMA made the pyramid design somewhat unworkable at the upper levels.

Recent passage of initiatives vis-a-vis the active interface with the Reserve Components, commonly called title 11, have exacerbated the problem significantly. Additionally, the early separation incentives, required by the pace and scope of the drawdown, have had a minor negative impact on the overall shortage of officers. Changes to DOPMA would go a long way to help alleviate the officer shortage. Specifically, the temporary DOPMA relief that Congress gave the Army last year should be made permanent. This would also allow the Army to absorb new requirements (e.g. support of the Reserves by the active component) while continuing to man its field grade structure at historical (and acceptable) levels.

A way to ameliorate the situation might be the creation of selected reserve augmentees. Under this initiative, individuals separated within the most recent 12 - 18 months would be available for rapid recall to active duty depending on the degree to which their military skills tend to atrophy over time. The Army has recommended this initiative to DoD; it can be implemented with a change to a DoD Directive. It would be utilized after the President had exercised his Presidential Selected Reserve Callup authority under title 10. Congress may be petitioned for end strength relief to accommodate the augmentee program but its initiation can be directed by DoD with a policy change.

The fiscal realities are hard. A solid defense structure is an expensive proposition but the cost of the alternative is unconscionable. The Army can serve as an example to any other federal agency for the reductions it has absorbed and its maintenance of readiness to this point. Few people continue to talk about a peace dividend coming from the

reduction of the Army. Forty years of peace was, indeed, the major dividend extracted from the money invested during the years since the end of World War II.

Where opportunities exist for the Congress to help, you must have the courage to do the right thing. Don't abandon your Army. Ensure it has sufficient structure to carry out the national military strategy and sufficient personnel in the appropriate grades to man the structure.

The Association of the United States Army shares a common goal with this committee. Our concern is for the best interests of the United States Army, for every soldier and family within the Army, and, in the final analysis, for the well-being of the security of this nation. The written and oral testimony, as well as the answers to questions, we provide today represent my honest assessment of the situation and the honest assessment of the gentlemen who accompany me. Thank you for the opportunity to express our views on an issue vital to the future of the Army.

Mr. BUYER. Colonel Alcala, please.

**STATEMENT OF COL. RAOUL H. ALCALA U.S. ARMY (RET.),
ALCALA ENTERPRISES**

Colonel ALCALA. Thank you.

What we are here talking about is the growing gap between U.S. strategic requirements and the means dedicated to meeting those requirements. I would like to address my comments to two elements of the readiness equation that particularly bear on the relationship of personnel to the other components.

The first I will call the rule of 9's. The rule of 9's has to do with what happens if you are able to provide only 90 percent of the resources in a particular area to the force? You would think 90 percent across the board equals 90 percent.

Unfortunately, the components are interactive components. They are integrated one with the other. What you really have is not the sum, but rather the product of the levels of each of the components.

If you were to have, for example, personnel training, maintenance, and modernization all at 90 percent, what you really have is something like the product of those numbers which is closer to 66 percent than it is to 90 percent.

For instance, the numbers can be so big that it is my understanding that at the current time, the backlog and deferred maintenance alone equal more than \$5 billion. You have some notion of the magnitude of the problem and one of the components that constitute this little equation.

The second phenomenon is that scarcity and shortages settle to the bottom. It shouldn't be surprising that they settle to the bottom since it is at the junior enlisted and entry level civilians that you generally find the shortages.

The higher level organization positions and skills must be met at all times. It is not surprising then to find A teams or infantry squads and tank crews suffering disproportionately the consequences of these shortages. Just to take notional example, if you take a 5 percent shortage in a division of its supporting units of say, 20,000 people, that is 1,000 soldiers.

Now, 1,000 soldiers are enough to fill the junior enlisted slots of 125 infantry squads or 333 tank crews. At 58 tanks per tank battalion, that is 56 companies, 6 battalions of tanks short, the equivalent, which is a 5-percent shortage in the force. Not that they are concentrated this way, but this gives an example of what the impact is at the junior level of these sorts of shortages.

Let me turn to supporting overseas operations. What you see here is a simple deployment model. It argues that it takes three or more units overall to maintain one unit engaged in operations abroad. It is for the most part operations abroad, be they in peace or combat contingencies, that the Armed Forces exist for.

Unless you are going to move that unit and park it in a place and leave it there for a good long period of time, you have to have the ability to rotate it to pull units back so that it can be reconstituted, so that people can go on vacations, see their families, go to additional schools and training, change units, and at the same time you have to have a second unit in training ready to replace the one that is just deployed.

You wind up with this rather large requirement to maintain a small part of the force operating abroad. To make this matter worse, divisions that are stationed abroad require a good deal of stateside support. Now, why is that?

Well, because the two divisions in Germany, for example, are not whole divisions. Were they to have to deploy and be used outside of their immediate area of operations, they could not support themselves from their existing European basis, but rather would draw on the already small portion of the continental United States to make up for that support.

Of course, the part of the division that we have stationed in Korea requires a large number of Korean people to fill it up. In fact, its structure is not complete, the remainder of it being the United States. This puts an additional burden on the already burdened portion of the continental United States.

Just a few additional points about the compounding affect of maintaining several tiers of readiness. When you have 1 part of the force manned, equipped, and maintained at 100 percent, then the deficit of course is concentrated in the others. When that is true, you have an even worse compounding of the rule of 9's.

It is very difficult to mix and match units of various tiers of capability. Those that are in the lower tiers of readiness frequently also have the requirement to help prepare the Reserve component upon mobilization for combat. So, you have a double deficit that is then further compounded.

Over the past few years as the Army has been reducing its force structure, it has actually reduced deeper than the other services. This is especially important.

In the 1980's, the Army decided to hold constant its structure and manning level and to put the dollars then being provided, by the previous two Republican administrations, into training and modernization.

The other services did expend their active duty strength. The reductions then for the other services are from this larger structure, and from the Army's, from the self-imposed limitation on this smaller structure.

Therefore percent reduction of the Army today from its 1980 structure is more severely felt than on the other services. That said, the Army has cut 35 percent of its structure; the Navy 34 percent; the Air Force 22 percent; and the Marine Corps 12 percent; smaller percents of larger structures.

The Army cut 45 percent of its tank battalions, 52 percent of its Bradley mechanized infantry battalions, and 46 percent of its artillery battalions. So, you have some idea of the impact of those reductions.

Finally, just a word that will be expanded on by General Merritt about some serious tenuous assumptions upon which U.S. combat effectiveness is based. I agree, and I believe General Merritt does as well, with the conclusions of the recent General Accounting Office's report about the assumptions that are questionable in trying to implement the analysis of the bottom-up review.

While we hold to the objectives of the bottom-up review, we believe that there is a serious gap between the requirements that it sets out and the resources being provided subsequently. For exam-

ple, holding structures to wartime requirements when it is not fully supported entails some very serious risk.

Contrary to the 1993 testimony of the administration in Mr. Skelton's hearings on a related subject, peace operations, neither the Bottom-Up Review nor the current force structure failed to take adequate account of the requirement for peace operations that may be underway when a crisis erupts.

The Army is compelled to exert explicitly that it will structure itself for meeting the two major regional contingency combat requirements and that it will undertake peace operations with that structure when and as those operations come up.

Well, that's not bad enough, but the Bottom-Up Review entails certain for enhancements. That is, modernization items, which General Merritt will touch upon, that as we now know have been canceled or delayed. The promise of the enhancements is falling far behind the necessity to taking the force cuts. I will end up by saying that in 1993, we thought that the Army would be short at 495; short about 65,000 soldiers, 13 percent short in other words, and that in the projected budgets it would be short by \$11 billion. In other words, 19 percent.

At those levels, 13 percent short from the required number of soldiers in units and \$11 billion short in overall funding, it would be more appropriate for an Army of 7 divisions, without overseas based elements, rather than an Army of 10 division major elements, 3 of which are based overseas.

That concludes my part of the testimony. I will turn it over to General Merritt.

STATEMENT OF GEN. JACK N. MERRITT, U.S. ARMY (RET.), PRESIDENT, ASSOCIATION OF THE U.S. ARMY

General MERRITT. Thank you. Mr. Chairman and distinguished Members, I agree and support the comments by General Carney and Colonel Alcala. I only want to amplify and field some of broader issues before we conclude our testimony.

Any time we are talking about how much is enough, I think we must always remember, we have to ask how much is enough to do what, when, and where? We have to talk about personnel readiness, manning I think in terms of a strategy.

Implicitly and simply, the military strategy of the Nation is to be able to engage successfully militarily in two simultaneous major regional contingencies or MRC's. More broadly and more completely stated, at the end of the cold war the United States of America emerged in a rather unique and special position with interests around the world, being singularly the most powerful nation in the world, and more responsibilities around the world.

This administration has enunciated a national security strategy entitled Engagement Enlargement. I think it appropriately recognizes the role of the United States and our responsibilities around the world.

Some might have argued for a more modest strategy. I would suggest our interest, our moral responsibility; a commitment of the administration to the concept of freedom, stability, and economic opportunity around the world demand that we have a minimum of force to execute a military strategy of two near simultaneous major

regional contingencies. To commit or advertise anything less is an invitation to disaster, not unlike the disasters they have seen twice in this century because of our inability to commit ourselves to broader national, international MRC's.

Just to begin with, we support strongly the Clinton administration's national security strategy. I think they deserve a good deal of praise for codifying what was somewhat implicit at the end of Desert Storm, but codifying a strategy that says this is the commitment of the Nation.

However, in its implementation, I believe that we, the American people, the administration indeed, and to a major extent the Congress, are on the verge of failing to commit the resources necessary to implement and execute this strategy, and leading us to probably the worst of all possible worlds.

That is a strategy resource mix-match that can invite our allies to commit themselves to undertakings, expecting us to come to their aid, believing that we are committed to come to their aid. We cannot or will not fulfill our obligations, or we, underestimating our own potential, get involved in matters over which we ultimately have no control, at least to a disastrous end.

Perhaps, certainly as bad as either one of those, that both, we and our allies, believing that there is no credibility to this strategy that we announced, because we haven't resourced it, lapse into kind of a general world synergism and it invites all kinds of mischief. I don't need to elaborate on that for you.

In 1993 in October, I, along with some really distinguished military officers, former Chairman of the Joint Chiefs of Staff, Jack Vessey, former Chief of Staff of the Army, Carl Vuono, former CINC South, Max Thurman, and I, along with Colonel Alcala here testified before this committee under the chairmanship of the distinguished Member from Missouri.

We found at that time that there were fundamental flaws in the underlying analysis which produces the forces to enforce the strategy of the Bottom-Up Review. The Bottom-Up Review was the right thing to do. It was a good thing to do. I think Secretary Aspin did the right thing in launching it. As suggested by Colonel Alcala, we ignored a few things.

One was allocating forces for such operations such as Haiti and Somalia which gives rise in some specificity to the problems troubling Chairman Dornan. They assumed that modernization would be taking place. It simply is not going to happen under any of the most wildest assumptions about resourcing.

By implication, it assumed that there would be a cooperative enemy such as that which we and enjoyed in the gulf war; and an enemy that waited on us to reenforce. That would not be capable of launching an air campaign, et cetera, et cetera.

Our conclusion in 1993 is that the Army, in particular, is or will be undermanned, understructured, and underequipped to execute the strategy.

In other words, the Army is broadly, pervasively under-resourced. I hold to that conclusion today. Parenthetically, Colonel Alcala mentioned the General Accounting Office in their report of January 1995 came to a conclusion consistent with my remarks, though not dramatically stated.

I realize that we are here to talk about some details of personnel readiness. I don't plan to waste the subcommittee's time other than to remind you that I don't need to tell you that readiness is a seamless web. Its problems and its solutions have to always be in context with the total state of the Army.

I would like to make a couple of quick points on modernization which is the other part of the budget, or another big part. The testimony in 1993 of the Honorable Ted Warner, the then Assistant Secretary of Defense, said that the risk that we were incurring because of the undermanning of the force in connection with the Bottom-Up Review was much attenuated by the modernization program, that enablers or enhancements would be available.

The fact of it is that the airlift that we need is not going to be available. Since that time, the Comanche helicopter is in danger of being canceled. It is certainly going to be stretched out over a long period of time.

That continues to be an interesting piece of munitions, but it is still a technological experiment. TSAM is canceled. It didn't make the grade. We talk about digitizing the Army, that is exploiting the power of informational technology in order to get greater efficiency and competency on the battlefield, but we are unlikely to have more than—we won't have one more division, not necessarily likely to have even one division completed by the end of this century.

AFAS which is the only major program the Army has today, is simply a program to get us a Howitzer to replace one that is a half a century old. The state of Army R&D doesn't give us a place to go to the well to find more gold.

In 1985 the Army, at its peak year, got \$25 billion. The Air Force got \$60 billion. The Navy got \$25 billion in research, development, and acquisition. I will tell you, in this budget and in the program year budget, the Air Force's research and development alone is greater than the sum of Army research, development, and acquisition.

I realize that equity arguments don't get you very far in this town any more than pointing out that the Army held its strength steady at a time when it might have increased it over the 1980s, but still it is a point that shouldn't be lost as we look at the totality of Army funding.

As we look at this current world with which we must deal, I would also argue that more than ever, the Army is a necessary and preferred force to deal with the conventional challenges it faces. The Army is capable of dealing on land. That is where man ultimately brings to conclusion its conflicts. It is able to deal precisely. It is a self-sustaining force. It very much is the force of choice every time we have to go some small or smaller matter as has been raised during this discussion.

By the way, in looking at modernization, the battle analyses that I have seen most recently tell me that a force that gets \$10 billion of RD&A which is currently in the program versus \$14 billion RD&A, which is not unreasonable, that you are likely to have somewhat more than two times the casualties in a regional contingency with a force that is modernized with equipment financed by \$10 billion as compared to a force that is modernized with \$14 billion.

That is not a nontrivial personnel issue. Although it isn't directly a personnel matter, it has to do with survival and casualty to the force. Let me conclude.

In thinking about the chairman's objectives, that is the extent to where we are undermanned and whether or not tier manning makes some sense. I just want to say with respect to this, and I say parenthetically, I know this doesn't stand the test of the rules of evidence.

I happened to talk with Jack Vessey on the telephone before I came over here and sort of rehearsed my comments for him. He said, you can tell them, that's right. We don't think that 495,000 people distributed in 10 divisions is adequate for the Army. In 1993, we thought that maybe 560,000 men were adequate to properly manage and properly man.

The fact of life is that we are looking at 495,000. We understand what money buys and all of that. Every man underneath what we see as the structured amount, and I learned my arithmetic from one of the members present, that anything less than that equates to some risk.

It gets hidden in honest debate about what those ambiguous terms "near simultaneous" really means. At the end of the day, the Army is stressed and stretched by the lack of total manpower that it need have.

Parenthetically, I let myself fall into a trap here when I talked about 495,000 and 10 divisions, and 560,000 and 12 divisions. I honestly believe it is not the business of the Congress, nor the business of the Secretary of Defense to structure the force, but rather to provide the people.

I think that severely limits the Army in being able to apply those things that it has learned, does learn, and will learn, both from experience in Desert Storm and from its current testing going on that what we need to do is provide the adequate resource. I realize that is not necessarily a matter totally of interest to this subcommittee.

I think the Army is underresourced to solve its problems, whether it is personnel, training, maintenance, or research and development. They all mortgage the future because we don't have lateral entry. We start building a brigade commander about 20 years before we need to use him.

While I think underresourcing research and development is a mortgage, we can also mortgage the future by underestimating the importance of having proper personnel policies. That means that we have to be able to have the size of force, structure of the force, excuse me, the shape of the force to fulfill the needs of the Army overall.

In short, I and most all of my colleagues believe that we need 560,000 men in this Army. We think that even at 495,000 men that we need a minimum of \$62 billion in this coming year and \$64 billion over the program years in order to have some modicum of safety in terms of funding, manning, and equipment. Thank you very much.

Mr. BUYER. General Merritt, on a personal side, let me thank you for your personal service to the Citadel as an advisor to that military college. We appreciate you.

General Carney, it is nice to see you. I enjoy seeing you in uniform and I enjoy seeing you in civilian clothes too. Thanks for coming back and testifying, and you, Colonel Alcalá.

I am going to turn it over to Mr. Pickett. One thing I wanted to say. Likewise, to develop a sergeant major, how do you develop that specialist 4th class? The enlisted are pretty important.

When you said 495,000 is not adequate, I look at that and say adequate to do what? I throw back to your very same question. When you said that there is the complement to the national security strategy, the question is, is there a commitment to the strategy? That's how I look at that.

Is there really a commitment to a two major regional conflict scenario? That's where I'm struggling with it. I mean, I can look at it and say I understand the diplomacy and why you go at it, but we really don't have the force structure to have that commitment.

I almost have to remind myself, is our commitment equivalent to a kamikaze pilot on his 72d mission? I am somewhat bothered by that. I think you are right about some of the flaws in the force structure and modernization.

Let me turn it over to the ranking member of this subcommittee, the distinguished Owen Pickett of Virginia.

Mr. PICKETT. Thank you, Mr. Chairman.

General Carney, I think you mentioned the issue of the rather severe decline in the civilian support for the Army.

I know that a few years ago, the active duty military was working pretty hard to pick out slots that didn't really require a military person to do them, and have the job done by a civilian, only to find that now they are having the civilian positions pulled away and, by default, they have got to put an Army person back in that spot to do the job.

Can you just tell us how much of an impact you think this is having on the ability of the Army to get full benefit out of the people that it is able to have in its end strength?

General CARNEY. It is suboptimization, Mr. Pickett. It doesn't make any sense. In my view, we had a cohesive strategy of drawing down the military and the civilian side together. The Army's intent was to go from 403,000 civilians at the end of the cold war, down to the neighborhood of 282,000 as I recall the number.

That was going to be, in our view, a reasonable and rationale approach. The difficulty is that when we got to the neighborhood of 282,000, more than 100,000 reduction, the President announced that the Government would come down 252,000. So, we in the Army said, certainly they don't mean us. The Army alone has given 120,000. We were, guess what, wrong.

Our boggy then became another 50,000, 60,000, 70,000, which in my view is going to cause a great deal of difficulty down at the installation level, in the depots, and in all of the support areas.

We already see too many soldiers having to perform those jobs that civilians used to do that now no longer exist. So, I am as worried about the impact of that civilian reduction on personnel readiness as I would be the fact that 495,000 is not adequate.

Mr. PICKETT. Is it fair to say that by coming in behind the uniformed personnel drawdown, and drawing down the civilian force to the extent that it has, that we are in effect further diminishing

the potential of the end strength because we are putting in the requirement for the uniformed personnel to do these civilian jobs?

General CARNEY. Absolutely, sir. It is the rule of nines again. We are only structuring 90 percent, and then we are only filling 90 percent of that. By the way, on any given day, only 90 percent are there because 10 percent are off doing the civilians' jobs. It compounds to a dramatic effect to the point where that is exactly what was occurring in the late 1970's, in the terribly unready Army.

Mr. PICKETT. I don't want to beat this to death, but based on the numbers that you have just given us here, somewhere between 60,000 and 70,000 uniformed positions have been required to fill in perhaps where the civilians could be doing the job, and these people could be put into active units.

General CARNEY. I think that would be the high side, Mr. Pickett. Some of those functions we did reengineer. We did a great deal of reengineering. Some, the work was accomplished. I don't know what the number is. My suspicion is it is in excess of 20,000 in military manpower on a given day. Perhaps panel two will be able to answer that.

Mr. PICKETT. The other issue that you just touched on there was the structure of the force. Following the end of the Cold War there was a lot of discussion about what could be done to redesign the way in which the force was organized to make it a better force to deal with the kinds of contingencies that might be expected in the future.

How do you feel about the progress that has been made? I guess the question is, is there anything much more that can be done in the restructuring area to reduce the need for bodies or have we gone about as far as we can go?

General CARNEY. I know General Merritt will want to chime in on this, but one thing that was done, for example, Mr. Dornan wants to know why there were shortfalls in Special Forces. It is because we anticipated this requirement and increased.

Special Forces is the only kind of unit in the Army that increased during this drawdown. You don't grow Special Forces' captains overnight. So, they are still short. We created a warrant officer position in this Special Forces. We are still trying to fill those up. There were good reasons that they are still short, unless those anticipatory things did occur. Yes, indeed, there are lots of studies ongoing to restructure to get more bang for the buck out of each and every soldier.

That falls in large measure to the modernization business and to the Army's major effort in getting everything it possibly can out of the information age.

Mr. PICKETT. General Merritt.

General MERRITT. I sort of addressed that as we went along. The Army has the potential, as time goes, to perhaps make some major personnel savings. I don't know what those are exactly. We are not there yet. The digitization, which I know you have heard about, and the exploitation of the information technology is really in its nascent form.

We know it is important. We have done some tests that tell it is important. You can't have it unless you can get the equipment. Really, you have to have the equipment that has the embedded

data bases and the capability of presenting this real-time simultaneous understanding of what is happening on the battlefield before you can really get that kind of capability from the force. We are not there yet.

We have made a lot of marginal improvements on the capability of the individual soldier, but none of that is yet sufficient to tell us, okay, we are not ready to do more with less. Eventually, I would think that we will be able to improve combat capability to get more effectiveness out of each soldier and out of each piece of equipment, but we are not at that point.

Mr. PICKETT. Thank you. Thank you, Mr. Chairman.

Mr. BUYER. Mr. Skelton.

Mr. SKELTON. Thank you very much, Mr. Chairman.

As I see it, there are three quick cash cows in the military, particularly the Army. First is personnel. You cut personnel and you get an immediate payoff. The second is in O&M, which amounts to training on the one hand and the quality of life. The third is mission.

Any of those payoff quickly. I think in each instance, as we improve, each of those cash cows has been delved into. General Carney, thank you so much. I welcome you in your civilian capacity. Thank you for all of the work you did and your appearances before us in uniform. We hope you will share your expertise with us as our friends General Merritt and General Alcalá have and do now.

You could do us a favor, Lieutenant General Carney, one, on the DOPMA fix, would you be kind enough to prepare a one-page paper and suggested language for us to make the fix permanent. Those are my figures last year that gave you a temporary fix.

General CARNEY. That was appreciated, Mr. Skelton.

Mr. SKELTON. I think it worked. The second would be if you would do the same thing; prepare a figure for us, a paper, one-page paper for us and suggested language. Please understand, we will probably rewrite it, but I would appreciate your homework on that and the flexibility of the accessions issue of which you speak.

I don't know which one to ask, but as your end strength goes down, any of you can take a shot at it if you want; I have figures in front of me that for 1996 of the overall Army officer requirements, it will be at around 83 percent.

Needless to say, a lot of people will be doing the work for one and a half or two or three officers in that particular category. What does this do to that bright young officer, man or woman, regardless of the branch in which he or she finds himself/herself?

What does this do morale-wise as to whether you can keep them or no? Remember, you have a lot invested in a first lieutenant or a captain. Anybody. Who wants to speak on that?

General CARNEY. Well, I have spent a lot of time on that question. Let me start. First, it overworks that individual. He is pulling duty officer far too often. He is also rotating through jobs much too quickly; that hurricaning effect that was mentioned. His professional development is in part retarded because he didn't have enough time spent as a company commander.

Although, the Army is able at this point still to hold company commanders at about 18 months, he is only going to be a battalion staff officer for a short period of time. So that turbulence causes

that degradation. He also works in an outfit that isn't full up. So he doesn't think that the Army has got its act together.

Then he begins to lose, perhaps, a little bit of confidence in his organization. He begins to wonder how about his organization—is it really capable of fighting? Those are really the things that happen. Some work, at the field level, simply does not get done.

You will find, Mr. Skelton, that among the highest shortfalls are these at the field grade levels in such things as intelligence, the Signal Corps, and the Quartermaster Corps. Generally the unfilled positions are in the lowest priority units, which means in TRADOC [Training and Doctrine Command].

Perhaps they were staff officers. Perhaps they were platform instructors, which now have to triple up. Perhaps they were doctrine writers which now the doctrine doesn't get written. Perhaps they were lane graders in Ranger Schools. That is where those things sort of bubble up in the officer shortfall area.

Mr. SKELTON. Thank you. Does anyone else want to take a shot at that? General.

General MERRITT. I think I am elaborating more. In particular with respect to the concept that they are not necessarily working for the most organized and competent enterprise in America which is the thing most of us—one thing about being in the Army, at least we may not be too smart, but we are organized.

Most young officers with whom I deal work longer. They kind of understand that. What troubles them most of all is the point that General Carney made about there being a sense that there is an unraveling. I will be aware of anecdotal evidence. I have three particular officers who have in the past and who have now left the military service.

One was an F-16 pilot. One was an infantry officer. The other one was an attack helicopter pilot. The attack helicopter pilot happened to be my son. All three of them said, independently, that it just wasn't fun anymore.

When I asked them, what do you mean it isn't fun anymore? The answer was, well, things are not getting done. We don't have time to be as professional as we were during my career. All of that impacts, I think, on them emotionally as they get ready to leave.

Mr. SKELTON. Thank you. One comment.

General ALCALA. Excuse me. May I comment on that?

Mr. SKELTON. You bet.

General ALCALA. I am sure that you can be confident that there will always be a hard corps of confident and dedicated officers regardless of the tribulation.

Certainly that was true in the 10 years that were so dark following our withdrawal from Vietnam. Many officers stayed because they were dedicated. They just simply tightened their belts on the fact that they weren't being given the resources or the opportunities that they thought they should have in order to adequately prepare for America's defense.

You saw two negative things happen as a consequence of that, in spite of the fact that these officers stayed. The first is that you are inordinately taxing those officers. In other words, you are shifting the burdens, not borne by the republic, to those dedicated few who do choose to stay.

The second is that you are undermining, to an extent, the coin of the realm of the United States of America abroad because the holes in our preparedness are at least as visible to those abroad, both our friends and our adversaries, as they are to those of us here who are addressing them today.

Mr. SKELTON. Thank you. Let me add this, Mr. Chairman, if I might for the record. In putting together my budget which increased the military by \$44 billion through 1999, I looked at the possibility of a 520,000 end strength Army. That costs exactly \$1 billion more per year; just to hold it at 520,000. To hold it at 500,000, you would have to increase it by \$200 million a year. So, it is very expensive.

Mr. BUYER. What I aim to do here is turn it over to Mr. Chambliss for a few questions. Because we have a vote on, I will go ahead and recess this panel.

Mr. CHAMBLISS. I will make it very quick, Mr. Chairman.

Let me just address this to the whole panel. I know we are bound to duplicate services among the various branches. We are all trying to downsize.

At the present time, are there any areas that we are not exploring now, or have not tested, as far as duplication of services among the branches, that we can look at to possibly say that the Army does this better and ought to do this? The Air Force does this better, and they ought to do that. Is that too far fetched a thing to think about? Are we doing that? Can you enlighten me a little bit on that?

General MERRITT. Mr. Chambliss, I think we are doing that. It isn't as though we never thought of it.

Mr. CHAMBLISS. Sure, I understand.

General MERRITT. The Roles and Missions Commission is looking at that to some degree. You hear there are three Air Forces and so forth. Actually, there are three Air Forces for good reasons. As Air Forces, they really perform quite different missions and do quite different things on the battlefield. I think there is a constant effort. The JROC, which is much more active, and the Joint Chiefs of Staff are putting forth a very conscious effort to look for ways to resolve this. This tends to be more focused in the areas of equipping the force and major mission activities.

There are certainly potential overlapping capabilities between the Marine Corps and the Army. I think there is also substantial differentiation in the things that they are most confident to do and the way that they are structured to do them. It isn't something that is totally lost. On the whole I think we are doing pretty well with it.

Mr. CHAMBLISS. Are we still trying other areas that we have not tested before?

General MERRITT. Absolutely. There are so many areas of efficiency that are being examined, not only inside the Rules and Missions Commission: privatization, consolidation, elimination of depots, and the list goes on. It is so long that I wouldn't know when to quit. I don't know much of anything that isn't up for grabs right now in this tough time.

Mr. CHAMBLISS. Good. I am encouraged by that. One last thing. General Merritt, you talked about the same concern that I and a

lot of folks have regarding two regional conflicts and being able to defend them.

I am not sure if I know what a "regional conflict" is. I don't know that any of us can answer it unless it actually happens. For example, if we had to defend a major conflict such as Desert Storm in that area of the world, would we be able to also put out fire or have a major defensive operation in an area such as Korea at the same time?

General MERRITT. No. Mr. Congressman, that's the whole issue. It is kind of grocery store arithmetic. I might have been in a different service, but I have been terribly good at math. Desert Storm, which is considered to be one of the major regional contingencies, is the classic input to the Bottom-Up Review. It consumed our people about—400,000 in theater and in direct support of the operations in the desert.

We have 100,000 or so invested in the support structure, the infrastructure, the Army's Training and Doctrine Command, the schoolhouse and all of that; and the Army's Materiel Command which acquires, maintains, assembles, and gets the equipment together.

You take 400 plus 100 is 500, and then a certain number off doing other things that I can't recover instantaneously. How do I prosecute a war in Korea? The answer is, I don't know how to do that. That's the whole problem.

Mr. CHAMBLISS. I appreciate your honesty there. Thank you.

Mr. BUYER. Thank you, Mr. Chambliss.

We can never declare victory on the issues of prudence with regard to taxpayers' dollars. The open secret is, I have said this 1,000 times, that we don't have a force structure to meet the national security strategy.

That's why you get the answer from General Merritt that says, "no", very simple. That's why I asked the question about our commitment to the national security strategy.

Thank you. I will recess this panel. We will be in short recess before the next panel.

[Recess.]

Mr. BUYER. The subcommittee will come to order. We will introduce the second panel, Maj. Gen. Wallace Arnold, the Assistant Deputy Chief of Staff for Personnel and Major General Putman, Assistant Deputy Chief of Staff for Operations and Plans, Department of the Army.

Gentlemen, if each of you have a prepared statement, submit it for the record. Please summarize your testimony.

STATEMENT OF MAJ. GEN. WALLACE C. ARNOLD, ASSISTANT DEPUTY CHIEF OF STAFF FOR PERSONNEL, DEPARTMENT OF THE ARMY

General ARNOLD. Thank you, Mr. Chairman. We do have a prepared statement for the record. I have an oral statement that I would like to present at this time as well.

I would like to preface my remarks by saying that the opening remarks I shall make shall be bound certainly within the context of an Army budget that allows us to have 495,000 soldiers and 10 divisions in our Army.

It is a pleasure for us to be here to discuss the manning of the force. As I am sure you will agree, this is a complicated and complex subject. We have a statement for the record that we would like to submit.

I would like to make the following points before we proceed to discuss the issues on this complicated subject. First, America's Army is poised to conduct our national security strategy. Our forces stand ready to perform these tasks.

Second, we are recruiting sufficient numbers of young men and women to man the 495,000-soldier Army. There is budget authority to support this force.

Wartime manning requirements reflect our need for all of our units to operate 24 hours a day at a very high tempo. However, this situation does not exist in peacetime. The intense maneuver and gunnery training does not result in wartime level of operation for our support units.

In many cases, the capability associated with the war fighting design of these units exceeds the peacetime support required. Therefore, the best utilized declining manpower spaces—some support units are manned at below their wartime levels. However, they can be rapidly augmented with individual fillers or by reserve forces.

For example, in Korea, many of our units are augmented by English-speaking Korean Augmenters to the U.S. Army known as KATUSA's. In active component medical units, the Professional Officer Filler System, or PROFIS as it is called, allows physicians and other highly skilled medical personnel to provide peacetime medical support in military hospitals until the unit to which they are on orders is alerted for deployment, at which time they are required to move to augment the wartime strength of that unit.

Additionally, we can augment our support units with forces from the reserves. This policy allows us to ensure our support units are available in wartime, while husbanding scarce active component resources in peacetime. Our most highly resourced units initially deploy for contingency operations.

We ensure that early deploying units are highly mission capable and filled as close as possible to their wartime requirement. To the small extent that they are not, individual fillers from nondeploying organizations may bring early deploying units to full wartime strength.

Following mobilization, reserve component personnel may backfill the vacant spaces in nondeploying organizations or they may fill later deploying active component units to wartime strength. Thus, all units participating in contingency operations are manned as close as possible to their required war fighting strength as possible.

In short, our manning system for force structure provides an effective means to meet active component end strength ceilings while balancing peacetime and wartime support requirements with minimal risk.

The Army uses a fill priority manning level methodology to best distribute personnel assets. This methodology ensures that the highest priority units always remain at optimum personnel readiness, despite changing force structure and end strengths as the Army draws down to its 495,000 strength level.

In this methodology, our first priority is to fill Ranger, Special Forces, and other operationally sensitive units. These units receive 98 to 100 percent fill by grade and Military Occupational Specialty. The second level of units are the Contingency Forces and the 2d Infantry Division in the Republic of Korea. These units are maintained at 90 to 100 percent aggregate strength, except for the 82d Airborne Division which is manned at between 100 and 102 percent.

This means that while the unit may be at 100 percent strength overall, there may be some shortages by MOS and by grade. The remainder of the Army is filled on a fair share basis based on the remaining personnel assets with some exceptions. As an example, we man the U.S. Army Recruiting Command at 100 percent strength to ensure that they can perform their mission.

The soldiers and leaders of America's Army continue to serve the Nation today at home and abroad, performing a wide range of missions. They support humanitarian efforts in northern Iraq and Guantanamo, peacekeeping in the Sinai, counterdrug and nation assistance in Latin America, and restoration of democracy in Haiti.

This averages 18,000 to 20,000 soldiers deployed on more than 1,100 operational missions in 75 countries. This type of operational pace challenges our leaders to closely manage their resources and units to prevent any disruption to our continuity of purpose.

Yet, the difficulty remains in balancing the wide variety of requirements against available soldier and unit specialties. This is especially true of our low density combat support and combat service support units that shoulder a great share of the peacetime contingency burden.

As I stated at the outset, our personnel resources are sufficient to meet the military strategy of two contingencies. I hasten to add that our soldiers will continue to need the modernizing enablers.

Additionally, we will continue to rely on our Reserve Component Forces to meet contingencies and wartime personnel requirements. Thank you very much for this opportunity to appear before your committee. We shall gladly answer your questions at this time.

[The prepared statement of General Wallace follows:]

STATEMENT OF

MAJOR GENERAL WALLACE C. ARNOLD, JR.
ASSISTANT DEPUTY CHIEF OF STAFF FOR PERSONNEL
U. S. ARMY

MAJOR GENERAL GERALD H. PUTMAN
ASSISTANT DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS
U. S. ARMY

BEFORE THE

MILITARY PERSONNEL SUBCOMMITTEE

NATIONAL SECURITY COMMITTEE

UNITED STATES HOUSE OF REPRESENTATIVES

FIRST SESSION, 104TH CONGRESS

MANNING THE FORCE

4 APRIL 1995

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RECORD STATEMENT
ASSISTANT DEPUTY CHIEF OF STAFF FOR PERSONNEL
U. S. ARMY
AND
ASSISTANT DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS
U. S. ARMY

Good afternoon Mr. Chairman and members of the Committee. It is a pleasure for us to be here with you to discuss Manning the Force. We would like to make the following points before proceeding to a more detailed discussion of this complicated subject.

First, America's Army is poised to conduct our National Security Strategy. Our forces stand ready to accomplish these tasks. This year we will man the force at 99.4%. Second, we are recruiting sufficient numbers of quality young men and women to "man the force" and there is sufficient budget authority to support this force.

FORCE STRUCTURE

Now we would like to discuss the force structure of the Army. When unit authorizations are 100%-99% of the manpower requirements of the unit's warfighting design, a unit is said to be at Authorized Level of Organization (ALO) 1. In peacetime, some active component combat support and combat service support units are structured at less than full required wartime strength.

Wartime manning requirements reflect the need for units to operate 24 hours a day at a very high tempo. For example, quartermaster, ordnance and transportation units are designed to supply the vast quantities of fuel and ammunition consumed by combat units in wartime. Similarly, medical units are designed to support patient workloads based upon wartime casualty projections. The most intense peacetime maneuver and gunnery training does not result in wartime levels of sustained commodity consumption, and peacetime medical requirements are far less than those in wartime.

Because in peacetime the Army cannot afford to maintain its entire wartime support structure, many support units are manned at levels below their wartime requirements. The remaining structure to meet the wartime requirements for Combat Support and Combat Service Support resides in the Reserve Component. This ensures their availability in wartime while husbanding scarce active component resources in peacetime.

In peacetime, active component support units perform vital support functions on posts which are geographically dispersed. In some cases, the capability associated with the warfighting design of those support units exceeds the peacetime support needed by the units at that post. To remain within budget-driven end strength ceilings and align force structure to peacetime support requirements, the Army structures some units with fewer authorizations than warfighting design, or reduce unit ALO levels.

As noted above, reducing a unit's ALO reduces its warfighting capability. However, there are a number of offsets which mitigate the risk associated with reducing unit ALO levels. In Korea, for example, many units are structured at ALO 2 because English-speaking Korean Augmentees to the U. S. Army (KATUSAs) make up the difference between authorized and required Manning levels. For active component medical units, the Professional Officer Filler System, or PROFIS, allows physicians and other highly skilled medical personnel to provide peacetime medical support in military hospitals until the unit to which they are on orders is alerted for deployment, at which time they fill the unit to required wartime strength.

Only units at ALO 1-3 are allowed to deploy for contingency operations. We ensure that early deploying units are highly mission capable. Depending upon the operation, individual fillers from nondeploying organizations may bring early deploying units to full wartime strength. Following mobilization, reserve component personnel may backfill the vacant spaces in nondeploying organizations or they may fill later deploying active component units to wartime strength. Thus, all units participating in contingency operations are manned as close to their required warfighting strength as possible.

In short, the Army's ALO system provides an effective means to meet active component end strength ceilings, while balancing peacetime and wartime support requirements with minimal risk.

OPERATING STRENGTH DEVIATION

During the drawdown of the Army from 780,000 to its present 532,000 soldiers, it has been impossible to mesh the structure and people reductions, so some imbalances have occurred, thus causing what we call an Operating Strength Deviation. This is the difference between the Force Structure Allowance (spaces) and the Operating Strength (faces). When there are less soldiers in the operating strength than are required by the force structure we have a negative operating strength deviation. When there are excess soldiers in the operating strength above that required by the force structure, we have a positive operating strength deviation. The operating strength normally represents about 87% of the Army's personnel end strength. The difference of 13% is composed primarily of trainees, transients, and students; but also includes prisoners, patients, and United States Military Academy (USMA) cadets, among others. Currently, it is anticipated that the FY95 operating strength deviation man-years will average - 2.9k. This means we anticipate we will man the force structure at 99.4% in FY95.

FILLING THE FORCES

The Army uses a Fill Priority Manning level methodology to best distribute personnel assets. This methodology ensures that the highest priority units always remain at optimum personnel readiness despite changing structure and end strengths as the Army draws down to its 495k end strength.

Our first priority of fill is to Ranger, Special Forces and other operationally sensitive units. These units receive 98-100% fill by grade and Military Occupational Specialty (MOS). The second level of units are the Contingency Forces and the 2d Infantry Division in the Republic of Korea. These units are maintained at 98-100% aggregate strength except for the 82d Airborne Division which is manned at 100-102%. This means that while the unit may be at 100% strength overall, there may be some shortages by MOS and grade. The remainder of the Army is filled on a Fair Share basis of the remaining personnel assets with some exceptions. For example, as an exception, the United States Army Recruiting Command is maintained at 100% strength in the aggregate.

OPERATIONAL MISSIONS

The soldiers and leaders of America's Army continue to serve the Nation today at home and abroad, performing a wide range of missions. They support humanitarian efforts in Northern Iraq and Guantanamo, peacekeeping in the Sinai, counter-drug and nation assistance in Latin America, and restoration of democracy in Haiti. This averages 18,000 to 20,000 soldiers deployed on more than 1,100 operational missions in 75 countries. This type of operational pace challenges our leaders to closely manage their resources and units to prevent any disruption to our continuity of purpose. Yet, the difficulty remains in balancing the wide variety of requirements against available soldier and unit specialties. This is especially true of our low density combat support and service support units that shoulder a greater share of the peacetime contingency burden.

CONCLUSION

As I stated at the outset, our personnel resources are sufficient to meet the military strategy of the Bottom Up Review, but I hasten to add that our soldiers will continue to need the modernizing enablers. Additionally, our Reserve Component forces are vital to meeting contingencies and wartime personnel requirements. I have enclosed an addendum with additional details regarding your concerns on this issue.

Thank you for this opportunity to appear before the Committee and I shall gladly answers any questions you may have.

ADDENDUM

ISSUE #1. Tiered Manning. Allocating scarce personnel resources according to a tiered distribution strategy optimizes the personnel readiness value of Army units. Tiered manning spreads shortages among units which are least likely for rapid deployment and where maximum time and flexibility exists to fix shortages in times of crisis. In the event of a contingency, these would be augmented by individual fillers and reserve forces.

ISSUE #2. Manning of Land Forces. In the draft FY96 Defense Manpower Requirements Report (DMRR), the Army will report 92% manning for its Land Forces. Officer Manning will be at 83%, Enlisted at 93%.

ISSUE #3 Readiness of Forces. It is anticipated that all major units should maintain their authorized readiness level.

ISSUE #4 Readiness of Combat Support Units. The overall readiness of non-divisional Combat Support and Combat Service Support units remains high. Sustaining the present pace of operational deployments is not currently a factor in maintaining unit readiness. Annual trends show the readiness of these units continues to improve.

ISSUE #5 Officer Manning. Operations other than War (OOTW) have increased. This has resulted in both unit rotations and in individual officers some times being detached from their parent units to fill critical needs within those deploying forces. Additionally, Congressionally mandated programs, have had a major impact on our fighting forces, both in the U.S. and Overseas. Two examples are the Active Component to the Reserve Component support programs and the requirements of the Goldwater-Nichols Act. Both these have increased requirements for Captains with successful company command tours and Majors with experience at the battalion level. While at the same time our drawdown has reduced the number of units in which these officers can gain the experience needed to fill the expanded requirements. Most Company Commanders are serving the Department goal of 18 months. While there is some upward grade substitution (lieutenant for captains and NCOs for lieutenants) it is minimal and having no effect on readiness.

ISSUE #6 Comparison to other Services. The Army is fully confident of its ability to conduct operations. The draft FY96 DMRR will report the following:

	ARMY	NAVY	USMC	USAF
BUDGET END STRENGTH	90%	92%	90%	98.5%
MAJOR MISSION FORCES	92%	91%	89%	99.8%
GEN'L PURPOSE FORCES	92%	91%	89%	99.3%

Mr. BUYER. Thank you. General Putman.

STATEMENT OF MAJ. GEN. GERALD H. PUTMAN, ASSISTANT DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS, DEPARTMENT OF THE ARMY

General PUTMAN. Mr. Chairman, I have no statement. I am prepared for your questions.

Mr. BUYER. I will turn it over to the ranking member, Mr. Pickett.

Mr. PICKETT. Thank you, Mr. Chairman.

Welcome to our witnesses today. I know that the two of you were sitting there a few moments ago when we heard the other panel comment about the Army's size and whether or not it could execute the national security strategy.

I see in the statement here that you say America's Army is poised to conduct their national security strategy. I take it that our previous witnesses probably wouldn't would agree with that statement. Can you reconcile their position and your position in this matter?

General ARNOLD. Sir, the position that I bring before this subcommittee is the position of having looked continually and having visited and experienced and reviewed the reports of the readiness of our Army. Those reports indicate to us that the level of manning and training of our forces is such that we can undertake those operational missions.

We certainly hasten to add that we must have the use of the reserve components today to conduct all of our missions. We must have those forces with us. That has been the case over the past three years as we have conducted the various operations other than war.

We have used the reserve component forces to augment the regular forces and also to relieve some of the weight and the tempo on the regular forces as well. That has been occurring and it shall continue to occur. We certainly need the modernizing enablers as referred to earlier by General Merritt in his testimony; that it is a seamless force.

We cannot look at manning the force by itself alone with just people. An awful lot goes into generating a lethal force that can do its mission.

Mr. PICKETT. In essence, you are saying that it is not the 500,000-odd that are in active duty status that you rely upon, but the approximately 1 million active duty Guard and Reserve that you look to, to meet the Army requirements?

General ARNOLD. Sir, that is exactly the case.

Mr. PICKETT. I notice also your second statement had to do with the success that you are having in recruiting the number of quality young men and women that you need to man the force. So, you are meeting your recruiting requirements?

General ARNOLD. Yes, sir; we are meeting the recruiting requirements, and we are meeting those requirements at the quality that we desire. We are still bringing into the Army more than 95 percent high school graduates; test category 1 to 3 alpha, the highest test category.

This current year it is about 72 percent. In our lowest test category we are a little less than 2 percent. Our goal is to not go above that. That has been the case over the past 4 years that we have been able to do that.

General PUTMAN. Mr. Pickett, I would add, sir, that while that is the case today, we certainly are cognizant of the fact that as we reach end strength and the force stabilizes, our mission is going to increase in the period for 1996-97. So, we are working very hard to ensure that we have the proper number of recruiters and the proper advertising budget to ensure that we are able to meet the mission and continue to access great soldiers into our Army.

Mr. PICKETT. My final question has to do with one of the questions I asked the previous panel about the impact of the civilian support personnel in the Army organization structure. It just seems to me that it may be that the Army is losing the service for more specialized Army functions of some people who are having to do the jobs that the civilians would have done if you could have retained them as a part of your force.

General ARNOLD. Sir, the description that you had of the civilian drawdown provided by General Carney was a good description. Certainly, I would just add to his, not correct his numbers, but just add to his numbers a little bit.

We had planned to bring the civilian work force down to about 260,000. We thought that was about where we could afford to go. Of course, we have been levied with additional reductions in our civilian force that bring us down to 232,000. We certainly have not eliminated, in my view, those requirements that are between 232,000 and 260,000.

General PUTMAN. Sir, I would just say that we are concerned about our civilian work force obviously. Probably one of the biggest impacts is the requirement for borrowed military manpower when you don't have the proper number of individual civilians to do the work that has normally been done in the past, and you have to divert military personnel to do the job.

In trying to figure out what we are going to do with about force 21 and what the Army of the 21st century looks like, we are looking very hard at the exact requirements of the civilian work force, balanced along with the military work force. It is an ongoing effort.

What we are really looking for is some stability, sir. Stability not only in the personnel we have, the 495,000 active duty and civilian work force, but also a stability in funding so that we can reduce the anxiety on the part of our service members who are trying to figure out is there a future.

We are confident that there is. We are confident that once we reach end strength, that will be better understood by our military members.

General ARNOLD. Mr. Pickett, I will add one additional thing on the civilian work force that is very critical to us. As we are planning to bring down this final piece of the civilian work force, there are some enabling capabilities that we must have in order to be able to do the required work. One is that some of our civilian work force, which is locked in regulatorily and some by law, percentages we must have that doesn't allow us to easily move to less expensive

private contracting out of those same functions. We are going to have to have those enablers.

I know that OSD is working a number of those things to bring over to ask that where we need relief; we will have to have some. We must be able to do those jobs.

Mr. PICKETT. Just a final point. I know that this is not the ultimate test of whether you have an active duty person or a civilian doing the job. As a practical matter, isn't it less costly in dollars to have a civilian doing a particular job than it is to have a military person in that job?

General ARNOLD. No, sir, it is not.

Mr. PICKETT. It is not?

General ARNOLD. No, sir.

Mr. PICKETT. I have been told that it was less costly to have the civilian than it would the military member.

General ARNOLD. Over the long-run, I think we will find out that, and I would have to provide you for the record specifics on that, but I think we will find out that the cost is very close. I will provide an answer.

[The following information was received for the record:]

COMPARATIVE COSTS OF SERVICE MEMBERS AND CIVILIANS

The U.S. Army Cost and Economic Analysis Center found that civilians are less costly than military doing the same particular job when comparing fully burdened salaries. This is true for both comparable grades or weighted average of civilian versus military pay and benefits. The misconception occurs when base pays are compared; military are less costly. However, when comparisons include all benefits and retired pay accrual (which they must for a true comparison), the civilians become less costly.

Mr. PICKETT. Thank you, Mr. Chairman.

Mr. BUYER. Thank you. Before I go to Mr. Skelton, I have a couple of questions. Obviously you gentlemen sat there and listened to the first panel.

It has been very bothersome for me in the last 2½ years on this subcommittee to talk about our national security strategy and even when 2 years ago, Ike chaired this subcommittee, we went through the process of the numbers and found out even at that time, we didn't have a force structure that would be able to meet and satisfy the requirements.

Now, we are down to 495,000. I still see the salute. Everything is great. We have the force structure to meet it, if I can get the enablers, if, if, if, if. I always love that there are minimal acceptable levels of risk, or something like that.

I just wanted to let you know that we are struggling here with this one. It isn't an issue of who do you believe because all of our sincerity and pursuits are the same. Help me on this one.

The Army's authorized end strength for fiscal year 1996 is 495,000 to fill 550,200 required spaces, OK, so now we have an end strength of 495,000 to meet 550,200 spaces, and from this number of 495,000, the Army fields a total of 10 active duty divisions, which is about 159,828. I look at that and say, by comparison, the Israeli defense force has an end strength of 133,000 active duty soldiers, which fields a force of 3 armored divisions, 1 air mobile division, 5 infantry brigades, 1 paratrooper brigade, 10 territorial bri-

gades and a special operations battalion that roughly constitutes a total force of 9 divisions in the active force. Wow.

The German Army has a field army strength of 262,000 in the active force which fields a force of 12 divisions, divided into 3 corps, 6 armored, 4 armored infantry, 1 airborne and 1 mountain infantry.

There is a ratio imbalance here. I am trying to figure out why it is other countries that field a force seem to be doing it better? Do we have that many levels of bureaucracy in what we do? How can we do it better?

General PUTMAN. Sir, let me try this question.

I will tell you that as a general rule, we plan on about 63 percent of our 495,000 personnel being in our land forces or in our wartime units. About 25 percent are located in the, let's call it the school house or the TDA, table of distribution and allowance Army.

Mr. BUYER. How many percent?

General PUTMAN. Twenty-five percent, sir.

Mr. BUYER. Go ahead.

General PUTMAN. Then we have approximately 13 percent which are in what we call our individuals' account or our TTHS, our student and transient account. With that percentage in land forces, we meet 92 percent of our wartime requirement.

The countries that you spoke of, obviously the divisions are different size, different make, but if you look at what we are doing today and what we are trying to do in the future as far as organizing for the 21st century, I am sure that our divisions will look differently than they do today as we figure out efficiencies and figure out how to better optimize to fight the next contingency. I really can't say.

Mr. BUYER. Are their divisional organizational structures different from ours?

General PUTMAN. Yes, sir, they are. In many cases, there is a significant difference.

Mr. BUYER. It is not a fair comparison.

General PUTMAN. That's right. I don't think so, sir.

General ARNOLD. Those countries have a significant interweaving of their reserve forces that fill out their divisional forces as well, sir.

Mr. BUYER. Well, we got that. When you talked about Korea, we have that going on right now; don't we?

General ARNOLD. Yes, sir, as far as our KATUSA's. If you look at the Israeli defense forces, if you look at Germany, they both place a very, very high reliance on their reserve component. We can provide that information for the record.

Mr. BUYER. Would you, please?

General ARNOLD. Yes, sir, we will.

[The following information was received for the record:]

AC/RC DIVISIONAL MIX

Military organizations are a product of threat, national budget, public law, and national military strategy. While both Germany and Israel (Israel more so than Germany) are regionally oriented for national defense, the U.S. Army is a global power with the requirement to project Continental United States (CONUS-based) army forces with selected overseas presence in order to maintain stability and thwart aggression. The uniqueness of both Germany's and Israel's national defense, forces re-

liance on a civilian infrastructure to sustain operations of limited range and duration. Reliance on this infrastructure allows for less tail (combat support/combat service support) when sizing a force, unlike a power projection force which must deploy much of the tail with the fight. Neither Germany nor Israel are global powers with global interests. As a result, their forces are structured for regional military tasks that are defensive in character and limited in scope. When compared to a global power projection force and its capability to rapidly deploy and meet the challenges of a major regional contingency (MRC) (possibly two near simultaneous MRCs), the tail must also deploy to sustain and win the battle. This requirement, when taken into the context of; (1) rapid force projection, (2) force requirements versus availability, and (3) the trade-off/risk analysis, are extremely critical when determining the cost effective and acceptable risk in determining the balance of AC/RC mix.

As each nation's threat environment is unique, so is the public's acceptance of a standing army to include military service and/or obligation. Israel, which has the most direct threat has compulsory service obligations, followed by Germany in which service obligations are draft-based and finally the U.S. where service obligation is voluntary.

While just briefly highlighting some key issues it is clear that the strategic construct for building standing armies and its force structure mix (Active versus Reserve Component) for nations are quite different, therefore direct comparisons of divisional equivalents and manpower may not tell the whole story. Active component figures cited by Mr. Buyer as generic equivalents can be somewhat misleading if taken at face value without the total strategic construct.

	AC(000)	RC(000)	Total(000)	AC/RC Mix(%)
Force Structure (FY96):				
United States	495	¹ 603	² 1098	45/55
Germany	249	371	620	40/60
[Deleted]				

	AC Div/Bde	RC Div/Bde	Total Div/Bde
Divisions/Brigades:			
United States	10/3	8/15	18/18
Germany	8/0	0/0	8/0
[Deleted]			

[In thousands]

Average division size:	
United States (Light/Heavy) ³	11.5/17.5
Germany ⁴	17-20
[Deleted] ⁵	

¹ Will be 575 and 1050 in FY97 and beyond.

² Israel does not publicly reveal its order of battle data concerning its forces, the figures provided are valid estimates.

³ The U.S. Army maintains ten AC divisions and three brigade equivalents to insure our requirement to meet the critical timelines and power projection capabilities in the National Military Strategy. The Reserve Component maintains 15 Army Reserve National Guard (ARNG) enhanced combat brigades as a strategic hedge to reinforce and/or augment active forces in prolonged or near simultaneous conflicts and eight (ARNG) divisions as a deep strategic reserve in case of the reemergence of a truly global threat.

⁴ Of the 24 combat brigades that make up the eight divisions only eight brigades have four maneuver battalions that are AC (90-100% fill). The remaining 16 brigades have two AC and two RC maneuver battalions. The German forces maintain no RC unit above battalion level.

⁵ [Deleted]

Mr. SKELTON. Would the gentleman yield at that point?

Mr. BUYER. Yes.

Mr. SKELTON. There is an interesting study by a fellow named Doherty. I believe he is a West Point instructor. He wrote about the French doctrine between 1939 as to why they lost. They actually had a trial called the Reum Trial in 1942 which Hitler stopped

after awhile because it was creating martyrs in the French Army and in the French population.

One of the things that is very apparent from studying this document, or book, is that the French relied disproportionately upon their reserve strength. I think that is a lesson we should learn. I am terribly fond of our Reserve and Guard. They do an outstanding job. But if you get to the point where they are the backbone of it, you are going to have some real trouble.

That is what worries me about this testimony. That we are getting too far down, not of course to the percentages that France had.

Mr. BUYER. I am going to make this last comment and I will turn it over to you, Mr. Skelton. If we have 63 percent of a total force of 495,000 in the wartime mode, that leaves 38 percent; and then I look at 25 percent in school, 13 percent in the transient account—38 percent of the force you can't even tap?

General ARNOLD. No, sir.

General PUTMAN. No, sir. If you look at 25 percent, I said the school house, sir. That is the TDA Army. That is the non-war fighting Army, the sustaining base.

Mr. BUYER. What I am saying is, we went through this exercise with Mr. Skelton last year about the numbers. That is one thing I learned. When you look at these hard numbers, we have to provide money here to fund particular force structures. The numbers don't lie. Our dollars have to meet up to pay certain accounts, pay certain force structures.

If you have so many in schools, whether they are teaching or being taught, so many in the transient account, and in peacekeeping operations, how can we say with a pure heart that we have a force structure to meet a national security strategy?

I'm waiting for the guy to come up here and say, Congressman, you are right. We don't have the force structure to meet it. Please give us the money. Give us the money because we don't have the force structure. You know what? The first general who does that is no longer general. I will call him retired and see him downtown in Georgetown. I mean, I recognize the political atmosphere. Mr. Skelton.

Mr. SKELTON. I will say that you can't do it. To refresh your recollection on the numbers. Of a 495,000 end strength active duty, 184,000 have to keep the lights on, recruit, do training, do schooling. You have 311,000 who can go to war.

There was testimony from that very bench by uniformed people such as you who had worked the numbers.

Let me ask you, General Arnold, you were speaking a few moments ago of the high level of manning. Were you referring only to officer manning or were you referring to entire manning when you spoke of the contingency divisions and Korea?

General ARNOLD. The units that I am speaking of, Mr. Skelton, are the units that we have in our highest priority.

Mr. SKELTON. Yes. Are you speaking about overall sergeants, platoon sergeants, corporals, as well as officers?

General ARNOLD. I am.

Mr. SKELTON. Is that correct?

General ARNOLD. I am. Let me be very specific. In some instances, our officer manning is not as high as our non-commis-

sioned officer manning in the units. You will always find, almost without fail our non-commissioned officer strength and manning is right at the authorized level, right at 100 percent. We are very well manned there. You will have instances where we are not fully manned with our officer strength in some of our units.

Mr. SKELTON. That, of course, was the Army's March 29, 1995 report on the investigation of the deaths of those four students at the Ranger course. There is a paragraph that specifically refers to the new officer platoon leader positions. Officers can only occasionally walk with companies as Ranger instructors. Senior leader turnover in the six Ranger training battalions in a short time has had a detrimental effect on command and control. I think that was the case there.

Let me ask you about the overall manning of which you spoke a few moments ago, not just the officer, but the overall manning. You said that the contingency forces in Korea are pretty well up near 100 percent. Is that correct?

General ARNOLD. Yes, sir. Korea plus our contingency forces.

Mr. SKELTON. Would you please state what the contingency divisions are?

General PUTMAN. Yes, sir. They are the 10th Mountain Division; 24th Infantry Division at Fort Stewart; 1st Calvary Division at Fort Hood; the 82d Airborne Division at Fort Bragg; and 101st at Fort Campbell, sir.

Mr. SKELTON. That is five?

General PUTMAN. Yes, sir.

Mr. SKELTON. Plus Korea.

General PUTMAN. Sir, Korea is not a part of the contingency.

Mr. SKELTON. I know that, but plus Korea would be at or near the 100 percent level. Is that correct? What about your units elsewhere such as Hawaii; such as the two divisions in Germany?

General ARNOLD. Our division in Hawaii is manned; our most current readiness report tells us 99 percent in Hawaii. Of course, currently a brigade of that division was recently deployed; some of the soldiers are still there in Haiti today. Also, the units in Germany, the two divisions in Germany, plus the remaining divisions in CONUS, are at the third tier. They are manned.

Mr. SKELTON. The two divisions in Germany are at the third tier. Is that correct?

General ARNOLD. Yes, sir.

Mr. SKELTON. You had three divisions at a C-3 level. Are we talking about something different now?

General ARNOLD. No, sir. The thing that we cannot do, Mr. Skelton, is make a lateral comparison, parallel comparison I'm sorry, between what the C-rating is and the levels of priority that we have placed on putting people in those units.

Mr. SKELTON. Let's go back and speak about the divisions in Germany.

General ARNOLD. Yes, sir.

Mr. SKELTON. At what level are they manned, in officers, and in enlisted?

General ARNOLD. The overall assignment, I have, and I will have to give you a breakdown for the record.

Mr. SKELTON. That's fine.

[The following information was received for the record:]

OFFICER, WARRANT—ENLISTED FILL

Major General ARNOLD. The officer and enlisted fill is in accordance with our priority three level of fill. Officer and warrant officer fill for the 3rd Infantry Division is 95.3% with a fill level of 89% for enlisted and an overall fill of 90%. Officer and warrant officer fill for the 1st Armored Division is 100.9%, 90% for enlisted personnel, with an overall level of 91% personnel fill. Personnel replacements are provided to Germany, which in turn resources its divisions in accordance with mission requirements and need. Both divisions are considered to be at appropriate levels of fill and within the band of targeted resourcing.

General ARNOLD. Overall, I have 94 and 91 percent.

Mr. SKELTON. For the two divisions?

General ARNOLD. Yes, sir.

Mr. SKELTON. What are the names of them?

General ARNOLD. The 1st Armored and 3d Infantry.

Mr. SKELTON. In that order?

General ARNOLD. Yes, sir.

Mr. SKELTON. Ninety-four and—

General ARNOLD. Ninety-one.

Mr. SKELTON. Let's speak about the three divisions that were held to be C-3. At what level manning are they? I know Fort Riley is one of them.

General ARNOLD. Yes, sir. Fort Riley today, the 91st Infantry Division is at 91 percent. The 2d Armored Division is at 94 percent. The 4th Infantry Division is currently at 95 percent.

Mr. SKELTON. I have information before me that comes from the Army that the overall Army in 1996 officer manning, overall, will only be at 83 percent.

General ARNOLD. Yes, sir.

Mr. SKELTON. I will ask you this for the record because I don't think you can answer it at this moment. How much money would it take, sir, to bring the overall Army in 1996 officer manning up to 100 percent—dollars? What would that cost? Would you supply that for us for the record?

General ARNOLD. Yes, sir.

Mr. SKELTON. Thank you very much.

[The following information was received for the record:]

OFFICER MANNING

To bring officer end strength to a 100 percent manning level would require an additional 16,700 officers at a cost of \$1.1 billion each year just for pay and allowances.

Mr. BUYER. Thanks. Gentlemen, there are a series of questions we are going to submit to you for the record to be answered within 21 days.

To that list, would you also add an oral question? I am somewhat bothered by the tooth-to-tail ratio. Maybe there is a greater intelligence that I need to gain. I will work on that. When I hear we have officer shortages, and whether it is officer or senior NCO's, I would sure like to know regarding the master sergeants and sergeant majors, how many slots out there are command slots?

How many colonels, light colonels, and majors do we have that are command slots? Then give me what the total numbers are in the force. You have it now?

General PUTMAN. No, sir. What I would recommend, sir, is we put together a briefing so that we could have a good dialog with you and lay that out for you, sir.

Mr. BUYER. That is even one better. I am not sure we could do it by hearing, but I would welcome the dialog.

General PUTMAN. Sir, we will come and see you.

Mr. BUYER. You have someone who can stop by and we can cover that?

General PUTMAN. Yes, sir.

Mr. BUYER. Either of you gentlemen have anything else to cover?

General ARNOLD. I would only close, Mr. Chairman, by saying that certainly we have had a great discussion here this afternoon. One of the things that certainly I am confident in having been with this force for a fair number of years, since 1961, 34 years, and having seen some of the ripples and waves that have occurred in our force over that period of time, our force today is decidedly smaller than it has been at any point in time during my career. I will tell you though that in no uncertain terms the training, the level of confidence that we have today, the way we are making an effort to take care of our men and women, and the Congress of the United States has been a part of those efforts to do the best that we possibly can.

I will tell you the bang that we are all getting for the buck is one heck of a big bang. We can all be very proud of that. Thank you very much.

Mr. BUYER. General, you are thoughtful and professional. Thank you. This hearing is adjourned.

[Whereupon, at 3:50 p.m., the hearing adjourned.]

[The following questions/statements were submitted for the record.]

Congressman Dornan: As summarized by the chart on page 5, the Army does not plan to fill more than 83% of its officer requirements in Major Force Missions, General Purpose Forces and Land Forces. The Army's ability to fill officer requirements decreased from FY95. Land forces will apparently have a lower percentage of fill for officer requirements than the Army as a whole. How did the Army reach the point that in FY96 it can provide just 83% of the officers required for its land forces? Was this a planned personnel strategy, or did it just happen? Is this an indication that the drawdown was mismanaged?

MG Arnold: The percentage of support is based on the budgeted officer strength as compared to the documented wartime manning requirements. The budgeted strength is influenced by Congressional funding for Military Personnel and DOPMA ceilings on the field grade strengths. Combined, this means that the Army structure still demands a higher level of officer manning than we can afford. Looking at where our officer corps is actually assigned, of the approximately 84,000 commissioned and warrant officers, 12,000 are in our Transient, Hospital and School (THS) account (14%), 36,000 are in the Table of Distribution and Allowances (TDA) organizations (43%), and 36,000 are in our Table of Equipment (TOE) units or land forces (43%). Within that TDA account, approximately 5,200 of our officers are serving in Joint and DoD accounts. There are another 2,200 officers serving in Special Operations Forces, combined within the TDA and TOE accounts. The mandates under Title VII and Title XI (Active Component support to the Reserve Components) is also having a significant impact on our ability to fill the land forces.

Congressman Dornan: As summarized by the chart on page 5, the Army does not plan to fill more than 83% of its officer requirements in Major Force Missions, General Purpose Forces and Land Forces. The Army's ability to fill officer requirements decreased from FY95. Land forces will apparently have a lower percentage of fill for officer requirements than the Army as a whole. How long does the Army envision it will take before officer manning reaches more acceptable levels in the land forces?

MG Arnold: If we assume that budget and end strength levels will remain constant, then officer manning levels will show improvement as we begin to decrease the Army's force structure. However, other high priority demands for Army personnel (Joint, Peacekeeping, Reserve Component Support), which the Army has very little ability to control, will also affect our ability to provide officers to the land forces. Until some of these demands are lessened, we must continue to prioritize the officer manning within the land forces to those highly deployable, first to fight forces at a higher level of manning. Overseas and follow-on land forces are manned at lower levels according to our ability to meet their documented needs.

Congressman Dornan: As summarized by the chart on page 5, the Army does not plan to fill more than 83% of its officer requirements in Major Force Missions, General Purpose Forces and Land Forces. The Army's ability to fill officer requirements decreased from FY95. Land forces will apparently have a lower percentage of fill for officer requirements than the Army as a whole. Do you agree with the news reports that officer "hurricaning" is taking place? If so, what are the readiness implications? What can be done to lessen the "hurricaning?"

MG Arnold: The Army's OPTEMPO has definitely increased over the past several years. Operations Other Than War (OOTW) have increased and resulted in not only unit rotations, but in individual officers sometimes being detached from their parent unit to fill critical needs within those deploying forces. Congressionally mandated programs such as Title XI (the active Component to Reserve Component Support) and Joint Officer Management as laid out in the Goldwater-Nichols Act, which is now part of Title X, has also had a major impact on our fighting forces, both in the U. S. and overseas, especially at the rank of captain and major. There is a large requirement in these programs for captains with successful company command and majors with successful operations experience in our field battalions and brigades. The reduced opportunity for officers to fill these professionally developing jobs (command, XO, S-3), because of cuts in force structure, impacts on their stabilization. However, most company commanders are serving the Department goal of 18 months. While there is always some upward grade substitution (lieutenants for captains and NCOs for lieutenants), it is limited and has a minimal effect on readiness. I do not agree with the term "hurricaning" as something that's happening to our officers.

Mr. Dornan: Are other Army organizations and staffs, such as Headquarters, Department of the Army, manned at the 90%+ level?

MG Arnold: Yes, the following organizations and staffs have commissioned officer manning levels of 90%+:

<u>Command</u>	<u>Total Authorized</u>	<u>Total Assigned</u>	<u>Total % fill</u>
Army Staff	850	925	108.8%
Information Systems Command	912	842	92.3%
Forces Command	18894	18455	97.7%
U. S. Army Medical Command	9585	11196	116.8%
Military District of Washington	248	321	129.4%
U. S. Army Pacific	1827	1957	107.1%
Eighth Army (Korea)	2027	2190	108.0%
Army Secretariat	255	251	98.4%
U. S. Army South	332	379	114.2%
Training and Doctrine Command	7308	6695	91.6%
Corps of Engineers	120	184	153.3%
U. S. Military Academy	655	657	100.3%
PERSCOM	310	402	129.7%
U. S. Army Recruiting	587	561	95.6%

Congressman Dornan: What would you recommend as an appropriate manning level as percent of requirements in Major Mission Forces? What needs to be done to provide this level?

MG Arnold: Appropriate levels of fill are best described in terms of a unit's priority. Contingency divisions should be manned at 98-102% of authorization. Non-contingency units should receive their fair share of the remaining personnel fill. The Army, through the Total Army Analysis (TAA) process, is currently revalidating its requirements and the application of authorizations to the requirement by component (COMPO). The force generated by this process will become the basis for POM 98-03.

Mr. Dornan: Are officer manning levels a readiness criteria that is measured in units? If not, why not?

Major General Arnold: Officer manning levels are a measured readiness criteria. Senior grade levels of fill are reported and commanders may highlight specific grades and specialties in both officer and non-commissioned officer billets that are shortages or problems.

Mr. Dornan: Tiered manning was an Army Cold War personnel management strategy. What factors lead the Army to adopt that strategy? What was the practical effect on units in the field?

Major General Arnold: Tiered manning is a part of the Department of the Army Master Priority List (DAMPL) process in that the Personnel Priority Group (PPG) indicator is the fifth digit of the DAMPL. The DAMPL is the Army's primary readiness prioritization tool. Since the origin of the DAMPL, which came about as a result of Department of Defense (DOD) Directive 4410.6 (Uniform Materiel Movement and Issue Priority System), ODCSOPS has used DOD and Joint Chiefs of Staff (JCS) guidance in setting DAMPL priorities. These priorities rank order units based on mission importance and urgency of need generally following a First-to-Fight methodology.

In FY 92, in response to personnel readiness challenges resulting from the drawdown, ODCSPER rolled the 9 PPG levels into three priority levels. This was done to maintain the optimum personnel readiness of the higher DAMPL units while at the same time preserving the personnel readiness of the lower DAMPL units. Otherwise the lower DAMPL priority units would have suffered inordinately to maintain the high and mid-range DAMPL units.

The practical effect of tiered manning on units in the field is that the Special Operations Forces (SOF), and the contingency divisions with their support packages are maintained at optimum personnel readiness. Lower DAMPL units are maintained combat-ready, but at lower levels of personnel fill than the SOF and contingency units.

Mr. Dornan: During Desert Storm, the combined effects of tiered manning and rapid deployment meant that some Army units (101st Airborne Division (Airmobile), for example) went to war with subordinate units filled only to 80% of required strength. Did the fact that some Army units like the 101st had only 80% fill create any degree of concern in the Army at the time of deployment?

Major General Arnold: The 101st was at 92-93% fill except in some low-density specialties like CH-47 pilots. We knew we could fill deploying units to wartime strength before they were committed.

Mr. Dornan: Was it the Army's plan for units like the 101st to go to war significantly understrength?

MG Arnold: No. We have always planned to fill deploying units to wartime strength.

Mr. Dornan: If not, what was the Army plan to fill personnel shortages in units? Did that plan work?

MG Arnold: The Army's filler system worked as planned: personnel shortages were overcome using soldiers from the sustaining base and active units that were not scheduled to deploy, as well as reservists mobilized for that purpose.

Mr. Dornan: Would that plan have worked had Saddam Hussein not given U.S. forces time to build up?

MG Arnold: Yes. The Army's filler system can work very quickly.

Mr. Dornan: Did the Army strip personnel out of other later deploying Active and Reserve units to generate a pool of manpower for filling earlier deploying units? With what effect on later deploying units?

Major General Arnold: The Army did cross-level personnel during Operation Desert Shield to the deploying divisions from other lower priority CONUS divisions and Reserve elements. This was to make up specific shortfalls in key support specialties and to fill units, normally manned at a lower peacetime level, to wartime manning requirements. Examples of the shortfalls include truck drivers, postal, and medical personnel. Additionally, in 1990, a priority of personnel fill was to the 82nd Airborne Division and forward deployed divisions in Korea and Europe. Therefore, U. S.-based divisions were not at the optimal level of personnel fill. The rapid expansion of requirements, as the political and military situation changed, further complicated the process since personnel were cross-leveled from units later identified to deploy. Although this exacerbated shortages in later deploying units, the call-up of Reservists and the freeze on soldier separations from the Army helped overcome the problems and allowed these units to deploy in a combat-ready status. The post-Desert Storm shift to CONUS-based contingency divisions, and the change in manning priorities has rectified many of the problems initially faced as the Army prepared for Operation Desert Storm. Additionally, policy changes made after the war preclude Reservists belonging to Troop Program Units from volunteering to come on active duty as an individual filler. This ensures mobilized units will not be stripped of personnel prior to call-up.

Mr. Dornan: The two-MRC strategy envisioned by the Bottom-up Review (BUR) calls for the Army to deploy a five-division contingency corps to the first MRC with all the corps' supporting forces (active and reserve) in 75 days. From start to finish, the high intensity war that is envisioned for the first MRC would last no more than 6 months -- 180 days. By comparison, at the 180-day mark during Desert Shield, the Army -- still in the process of deploying major force elements, many of whom were understrength -- was a full three weeks away from the start of the ground campaign. Given the significantly reduced Army structure and endstrength today, as well as shortened response times envisioned by the BUR for Army, is tiered manning the right manning strategy today, or does it mean, in effect, that the Army will likely send significantly understrength units to war?

Major General Arnold: Tiered manning is absolutely the right manning strategy for today. Allocating the scarce personnel resources according to a tiered distribution strategy optimizes the personnel readiness value of Army units. Tiered manning allows personnel distributors to spread shortages among units which are at least risk for rapid deployment and where maximum flexibility and time exists to fix shortages in times of crisis. The alternative to tiered manning is to fair-share shortages across the entire spectrum of Army units regardless of planned deployment sequence. This would significantly increase the risk of deploying a unit at less than desired personnel readiness.

Mr. Dornan: What capability exists for the Army to completely fill the manpower shortages of the full five-division contingency corps and all its supporting units prior to deployment? Or is the reality that the Army is likely to send much of that contingency corps to war understrength?

Major General Arnold: Contingency divisions are manned between 98-102% of wartime requirements. Presently four of the five contingency divisions are manned at 100% or better and the fifth is manned at 99%. Support packages 1 through 3 are presently manned in the aggregate at 103% of authorization. Because of the lower Authorized Level of Organization (ALO) of many support units, this equates to a 90% aggregate fill of wartime requirements. Some augmentation would be required to deploy these units at 100% of wartime requirements, but often support units deploy at less than 100%. Thus, some risk exists that contingency corps units will deploy below 100%, but the risk is minimized by the current tiered resourcing strategy.

Mr. Dornan: Based on your experience, given the deployment requirements of the Bottom-Up Review, what risks are associated with a tiered manning strategy?

MG Arnold: The greatest risk stems from our dependence on the reserve components for fillers. Without early access to the reserves, the readiness of our follow-on forces will be at risk.

Mr. Dornan: What does Congress need to do to improve the Army's ability to quickly fill personnel shortages in rapidly deploying units as envisioned in the Bottom-Up Review?

MG Arnold: As General Sullivan has testified, one of the Army's key enablers in executing the National Strategy is early access to the reserves.

Mr. Dornan: Army tiered manning has always been particularly hard on the support units -- the combat support and service support units -- which do not engage in direct combat. In the competition for resources, two things happen to these support units: first, they get crowded out of the active component structure and are put in the reserves; second, those that do remain in the active structure are filled at lower manpower levels and are resourced at lower levels than combat units. The reality of peacetime requirements and operations today is that the most heavily utilized units tend to be the combat support and service support units. Should the Army be rethinking its tiered manning strategy for these units?

Major General Arnold: Recently, Combat Support/Combat Service Support units have deployed frequently for operations other than war. However, they deploy in modules tailored to the operation and do not necessarily operate at wartime levels of intensity. Therefore, they do not have to be at wartime strength for these peacetime operations. In fact, reducing their authorized strength often allows us to have more of that type unit for unit rotation purposes.

Mr. Dornan: What causes "negative operating strength deviation?" And how might such a problem be prevented?

MG Arnold: Negative Operating Strength Deviation (OSD) results when the sum total of all force structure spaces, both installation and organization (TDA + TO&E), exceeds the available inventory of trained personnel ("faces") that is assignable to the Force Structure. There is nothing new about negative operating strength deviation, which has existed for portions of every recent fiscal year. The operating strength deviation has nothing to do with the Army's meeting its total strength goal for a year. We will accomplish that.

The Army - and all other services - must allocate a portion of its total strength to training and moving its personnel. This is why the operational strength of the Army can never be as large as the Army's total strength. If the Force Structure exceeds the available operational strength then we will have a negative OSD. If the negative OSD is small or brief in duration, it is a manageable problem. The large negative deviations during the drawdown occurred primarily just before major unit inactivations. Although these units were still "on the books" close to their inactivation dates (usually near year end), it would have been inefficient to man them at full strength up to their last day of existence. Thus, the drawdown negative OSD's were manageable and usually decreased rapidly as soon as the units were inactivated.

The average negative OSD problem can be minimized either by reducing the size of the Force Structure - the installations and organizations in the Army - or by reducing training. Either alternative must be studied carefully because of their potential impact on the Army's capabilities. This matter is under review in the Army's on-going TAA process.

Mr. Dornan: What is the practical effect on the Army's fighting forces of a negative operating strength deviation?

MG Arnold: The practical effect is minor for two reasons. First, approximately 99% of the Force Structure will be manned when we reach end state, i.e., when the drawdown is completed. Second, the Army's Contingency Force and other critical units receive priority manning and are fully staffed.

Mr. Dornan: At the "negative operating strength deviation" levels projected for the Army in FY96 and the out years, how concerned would you be about readiness and the ability of Army forces to accomplish assigned missions?

MG Arnold: I am confident that the Army will be able to perform its mission. Approximately 99% of the Force Structure will be manned and the Contingency Force will be fully staffed. The manning priority of Army units is based on an analysis of probable missions that Army forces would have to undertake. The projected negative outyear OSD of approximately 4K spaces (out of 435K) is taken seriously, but regarded as manageable. It is also under study in the TAA process.

Mr. Dornan: Does the Congress need to take action to correct the projected "negative operating strength deviations" in FY96 and the out years?

MG Arnold: No. This is a well known and understood problem within the Army. The Army is currently giving serious study to available alternatives that will address the issue. In any case, the Army is prepared to accomplish its priority missions, and the overwhelming mass of the Force Structure (approximately 99%) is expected to be filled with personnel.

Mr. Dornan: In recent Congressional testimony, in written posture statements, and in other public statements, the Army has consistently indicated that endstrength and manning levels are adequate for the present.

When asked how they would spend any additional defense dollars that Congress might give them, Army leaders have consistently responded by giving "modernization" as a top priority. People and manning are not included.

The Association of the United States Army (AUSA) has been unequivocal that the Army budget is significantly underfunded. Recently it published its assessment of the FY96 Army budget request and noted that the FY96 budget was nearly \$2.5 billion

short of being adequate to fix near-term deficiencies and \$4.5 billion short of what was required for the long term health of the Army. However, manpower and personnel did not figure prominently, if at all, in AUSA's assessment of the top priorities for additional resourcing needed by the Army in the mid- to long-term.

Does the seeming lack of concern by the Army and its friends about some of the disturbing trends in manpower discussed today indicate that the Army does not have a manning problem?

Major General Arnold: Based on the present and planned allocation of resources, the Army will be able to provide manning for the structure supported by 495k soldiers. We sincerely hope that we are in the final phase of our post-Cold War drawdown and can end personnel and unit turbulence associated with those force reductions. Then we can stabilize the Army and begin its transformation into Force XXI -- the Army of the 21st Century.

Mr. Dornan: Does the unwillingness to discuss manning problems reflects the Army's long-standing concern that if the Army acknowledges a manning problem, Congress or the Department of defense may take the course of requiring the Army to reduce force structure?

MG Arnold: We are perfectly willing to discuss manning problems when they exist. Force structure and personnel to support the structure continue to be brought in line. However, that does not mean Active Army force structure can be reduced below programmed levels without significantly increasing risk.

Mr. Dornan: If buying large numbers of additional manpower is too difficult in this current budget environment, what measures would the Association of the United States Army (AUSA) recommend that Congress take to address the manning problems discussed in this hearing?

MG Arnold: AUSA is a private organization, therefore, I am unable to offer an opinion on what their recommendation would be.

Mr. Dornan: Why did the percentage of the force in the Individuals Account drop from 1980 to 1990?

MG Arnold: These two years represent extreme situations, neither of which is representative of the usual proportion of personnel in the Army's Individuals Account.

In 1980, the Individuals Account percentage was 14.2%. This rather high percentage is directly attributable to the high training requirements of new personnel brought into the Army during that FY, as the Army's strength grew by more than 18,000.

1990 is quite the opposite. This year is during the drawdown with the Army's strength decreasing by more than 37,000. Thus, the needs for new accessions and the training associated with them was significantly reduced. So the 1990 percentage of only 11.1% is also atypical.

A more normal percentage of personnel in the Army's Individuals Account is approximately 13%. This was the average figure during the days of the 780K Army and we expect this to be the case when the Army stabilizes at 495K.

Mr. Dornan: What are the factors that since 1990 have kept it [the Individuals Account] below 12% of total strength even though strength has dropped significantly since 1990?

MG Arnold: There is limited correlation between the size or strength of the Army and the proportion of its people that are in the Individuals Account. The number of people in the account is determined by training and moving requirements at a particular time. Because we reduced our accession missions significantly during the drawdown (in part to facilitate the reduction) our initial entry training requirements (approximately half of the Individuals Account) also fell and so the proportion of personnel in the account dropped.

When the Army completes its drawdown, and the strength stabilizes (at 495K), every loss has to be replaced by an accession (to maintain constant strength). Thus, in the out years our accession mission will rise and with it our initial entry training requirements, and the proportion of our strength in the Individuals Account. The expected percentage then will be 13%.

MARKUP OF PERSONNEL PORTIONS OF H.R. 1530

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, D.C., Thursday, May 18, 1995.

The subcommittee met, pursuant to notice, at 1:10 p.m., in room 2212, Rayburn House Office Building, Hon. Robert K. Dornan (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. The subcommittee will come to order.

The subcommittee has before it today, May 18, 1995, the legislation and directive report language that constitutes the chairman's mark. At its core, the provisions before members are focused on four key areas. I would like to briefly highlight those areas.

Before I do that, I would like to make mention that in here is the most comprehensive piece of legislation, over 35 pages, that I have ever seen, directing our military on how to handle missing-in-action Americans.

Today, May 18, is the 30th anniversary of the shoot-down of my best friend in the Air Force, the godfather of my oldest son, as I was of his oldest son, who is now a retired Navy F-18 Hornet pilot and a captain on American Airlines or first officer, David Hurdlicka. David was an F-105 Thunder Chief pilot, over Laos, TDY from Okinawa, was seen to get a good shoot, was seen on the ground, came up on the radio, and two years later a picture turned up of him in a Long Beach newspaper. His wife had it sent to her by a friend. Carol has wondered about David's fate for 30 years because he was a known POW for 6 or 7 years. In a few more months or 1 month or so, we are going to have hearings on Laos, so that is an important part of this bill.

Now, the regular work of this subcommittee is on manpower, compensation, medical, and then Reserve components. And I want to compliment our staff. They have done absolutely superb journeyman work on bringing together all of these diverse elements that I think affect the very core of our U.S. military forces.

Let's take manpower first briefly. The proposal I place before the committee will halt the precipitous military manpower drawdown which, before it ends in 1999, will have eliminated more than 630,000 good people from the active duty roles since just 1990. I am recommending that permanent end-strength floors be established for each service at the Bottom-Up Review levels. I do not consider those levels to be adequate. However, given the recent

news that the Secretary of Defense has directed the Army to reduce another 20,000 below the bottom-up-review level, legislated end-strength floors are absolutely essential to protect a core manpower capability that is being eroded badly by inadequate levels of resourcing.

In addition, given the abundant evidence that certain portions of each service are being stressed by high operations tempo and Air Force AWAC's unit, Army military police—Patriot missile units come to mind as perfect examples of that—I am recommending that the Secretary of Defense be given additional funding to enable him to add up to 7,500 personnel in those portions of each of the military services he considers most in need. That takes care of manpower, briefly.

Compensation—whether or not to provide a pay raise greater than that proposed in the President's budget was an issue, and we struggled with it. In the end, for me it came down to a choice of either additional manpower or additional pay. This time I opted for manpower, but I remain committed to ensuring that military pay remains a top priority.

I have recommended, however, a range of compensation initiatives over and above those contained in the President's budget. These initiatives focus on housing and seek to reduce the out-of-pocket costs for military personnel who live off base.

Principal among these compensation initiatives is a 5.2-percent increase in the basic allowance for quarters. This increase, larger than that proposed by the President, is necessary to achieve the President's original objective to reduce out-of-pocket housing costs for service members to 19.5 percent. Given changes in economic factors and inaccuracies inherent in budget estimating, the President's budget request did not contain sufficient money to meet the stated objective. My recommendation will correct that shortcoming.

Also contained in the mark is language that will require military personnel convicted by court martial to forfeit all pay and allowances during their period of confinement. This measure ends a travesty, an anachronism, to be fair, an outrageous anachronism, that permitted people convicted of horrendous crimes—rape, child molestation, even up to a few murder cases—to benefit from uninterrupted military pay, something that absolutely just does not happen in the private sector.

The chairman's mark does not address the restoration of COLA equity for military retirees. Although we believe that the President's budget request would restore COLA equity for military retirees in fiscal year 1996, the judgment of the Congressional Budget Office is that the budget request does not do what we anticipated. As of now, the issue remains undecided. Given the large offset required, nearly \$403 million in fiscal year 1996, retiree COLAs will be addressed by the full committee. We will all share that pain.

Medical—in a matter directly related to subcommittee concerns about the medical readiness of the Reserve components, I am recommending that, for the first time, the Department of Defense offer a voluntary dental readiness insurance program to members of the Selected Reserve. My mark also contains a requirement for the Secretary of the Army to begin providing dental screening and care to early-deploying units of the Selected Reserve. In a measure aimed

at improving family health care, I am also proposing an expansion of the immunization and well-baby care for dependents up to age 6. At present, CHAMPUS only provides that care up to 2 years of age.

Medical reimbursement to the Department of Defense for care provided by DOD to beneficiaries over age 65 remains of great concern to the subcommittee, and we will continue to seek it. The mark, however, does not directly address the issue because legislative jurisdiction for Medicare is outside this subcommittee's purview. Therefore, I have recommended that the Secretary of Defense begin studying alternatives to Medicare subvention, including CHAMPUS as a second payer to Medicare.

Now, with the Reserve components, because I am convinced that military technicians are one of the keys to Reserve component readiness—and I speak from firsthand experience—I am recommending an increase in the numbers of military technicians that is approximately 1,400 above the level requested by the President's budget. This increase is directly related to the persuasive and unequivocal testimony of both Active and Reserve component witnesses that the ability of the Reserve components to preserve readiness and to relieve the high OPTEMPO stress on our Active Forces was directly tied to increasing the numbers of military technicians and protecting them from the arbitrary civilian personnel cuts. Therefore, I am also recommending that technician positions in high-priority units be fenced from general civilian reductions, paying for the increased numbers of technicians, a 5-year cost estimated by CBO to be in excess of \$750 million, this required some tough choices.

The President's budget request contained more than \$75 million for a series of DOD programs authorized in 1993 and collectively known as civil military programs. Some of these programs were highly successful. Nevertheless, I am proposing that these programs be terminated and that the funds used for them be reallocated to buy additional technicians. This is a tough choice.

In a constrained budget environment, it is my judgment that readiness will more directly benefit from more technicians than from these civil military programs.

Now, under the general heading of other issues, I will come back to that POW/MIA issue. I have long been an advocate for full accounting for POW/MIA's of any of our Nation's wars. I was in pilot training when the Korean war ended, a major came through who was working intently on this issue, and I took up a great interest on it and memorized that 389 category 1 prisoners were left behind in North Korea. Even in the 1950's, there were terrible rumors and stories of F-86 pilots being kept in Manchuria and sent to the Soviet Union, up to 50 of them. Four men were returned 2 years after the war was over. Two years after the war was over, an entire B-29 crew was returned through Hong Kong due to the slip of a Chinese diplomat at a cocktail party in Geneva.

I have since retrieved those Life Magazine articles, and it was like I had read them a year ago, not 42 years ago. And I really appreciate what we have done in the mark on this missing-in-action issue. It is not going to go away. I went through Hawaii four or five times during the Vietnam war asking them, Do you have it

right? Do you have this down at the central investigative laboratory? Are you going to relive the horrors of Korea? No, we will not. We have got it right.

Well, they did not have it right, not nearly close. So for this reason, it gives me great satisfaction to include in my mark a provision that will establish a rigorous process to account for persons missing in action and to ensure that missing persons are not declared dead simply by the passage of time.

My mark also includes legislation that would provide for the award of the Armed Forces Expeditionary Medal to U.S. service members who served in El Salvador from 1981 to 1992. I went down there 14 times as a Congressman on the relevant Foreign Affairs committee to observe what our military people were doing down there. Folks, we won in El Salvador. And President Violeta Chamorro is testimony to the fact that we beat the Communist Sandinistas in spite of some of their bosom friends on Capitol Hill. So this is a tiny little piece of ribbon for those who served down there over a 10-year period, something they can point to with pride along with other campaign ribbons.

Before I yield to my distinguished ranking minority member here, Mr. Pickett, for any remarks he might want to make, I wish to compliment my colleagues on the subcommittee. They have helped to make this process a truly bipartisan effort, and I want to thank them publicly for making my first effort as chairman of this subcommittee, my open subcommittee—I was 5 minutes late because I chair one of the two Intelligence subcommittees, but that will remain locked up in the secret archives of our Government for decades to come. This is my open subcommittee, so I want to thank them publicly for making my first chairmanship as smooth as possible.

Mr. Owen Pickett of the great Commonwealth of Virginia, the floor is yours, sir.

STATEMENT OF HON. OWEN PICKETT, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

Mr. PICKETT. Thank you, Mr. Chairman. I have a written statement that I will submit for the record, and I join you in complimenting our staff, the members and the way that they have worked together to bring this product to the subcommittee today. I think that we probably can move expeditiously to get this matter concluded.

I thank you for this opportunity, and I will submit my remarks for the record.

Mr. DORNAN. Without objection, so ordered.

PREPARED STATEMENT OF HON. OWEN PICKETT

Thank you Mr. Chairman. Earlier this spring during the various hearings we held, we heard from Department of Defense officials and senior enlisted representatives that quality of life issues were the number one concern for today's military forces. Your Mark, Mr. Chairman, as presented today, reflects this subcommittee's commitment to enhancing the quality of life of the men and women who so faithfully serve our country.

I fully support the 2.4 percent military pay raise—the full by-law amount provided for in the President's budget—as well as a 5.2 percent increase in the basic allowance for quarters—designed to reduce out-of-pocket housing costs for service

members. I also was pleased to see that we were able to authorize the Secretary of Defense to establish a minimum variable housing allowance—VHA—to meet the cost of adequate housing in high cost areas, and to prevent the amount of VHA paid to an individual from being reduced in a given location as long as the member's housing costs have not been reduced.

Additionally, I support the several provisions in the proposal designed to improve the medical system and to ensure military medical beneficiaries are receiving the quality health care they deserve, another very important quality of life issue.

On balance, I believe the legislative provisions we have before us represent an integrated approach to military personnel programs that should result in tangible benefits for our service men and women. It exemplifies our commitment to taking care of the men and women who serve our country.

Thank you, Mr. Chairman.

Mr. DORNAN. If I may now recognize my ranking Republican, Mr. Buyer of Indiana, U.S. Army Major Reserve.

Mr. BUYER. Mr. Chairman, before we move into the mark itself, I move to strike the last word.

Let me extend compliments to you, Mr. Chairman, and compliments to the staff and Owen Pickett. We had the transition of leadership from Ike Skelton to you, and I would say that the transition has gone very well. This is a subcommittee that is very well focused on attention to the people, to the soldiers, the airmen, the sailors, and the marines that are vitally important to our national security interests.

As a comment with regard to process, I would say that often—and I have been very vocal with regard to process from the 103d Congress to the 104th. But in the 103d Congress, it was a system that was at its worst, that was mismanaged, closed, and undemocratic. The system we now operate under today is open, deliberative, dynamic, and democratic. And you begin to see that process at the subcommittee level.

I extend compliments to you, Mr. Chairman, on the openness of your chairman's mark in allowing all members to participate in the process, and it is a high compliment to be paid to you.

Mr. DORNAN. Thank you.

Mr. BUYER. For you to establish such initiatives with your colleagues, Mr. Skelton in particular, in setting forth a bottom of the Bottom-Up Review is extremely important, and extending discretion to the Secretary of Defense for him to meet manpower shortfalls across services is also a new initiative that I compliment you for.

We also in this subcommittee all recognize that, while many come and testify in their eloquence, given the political nature of the President's civilian appointees in the Pentagon, they are very good in crafting words that describe to us where they are with regard to the state of readiness. They love to say we push the envelope, it is pushed to the edge, we are at the razor's edge. They are very tactful in all of their words. But when we listen to the words of the chiefs and of the generals and of the experts and of the retirees, it is obvious to all of us that military readiness is on a downward spiral, and I compliment the Chair and Mr. Owen Pickett for trying to stop the sieve of the downward spiral.

I return the balance of my time.

Mr. DORNAN. Thank you. If I could take the chairman's privilege to recognize for a statement the former chairman, who has not only put years of his life into every principal objective of this committee

to strengthen our military and respect our young men and women in uniform, and those not so young—but he is a great historian to boot—I would like to recognize the former chairman, Mr. Ike Skelton of the “Show Me” State of Missouri.

Mr. SKELTON. Thank you very much, Mr. Chairman.

First, let me compliment you on putting together a very strong mark, and the work that you have done, the hearings that we have had, have all been very positive, and I think that you deserve the plaudits.

Special thanks to our friend, Owen Pickett, who has ridden shotgun on all of this and on many areas; and he is an expert in the medical field. I especially want to thank him.

I think the most important thing we can do is put a bottom line on the active duty end strength. Each of you has heard my speech on this as to why we cannot cut any more than we did. We all remember General Stroup saying before this subcommittee that the soldiers of today, because of their operational tempo, are being stretched and stressed—and the day he testified, there were 532,000 Army soldiers on active duty, and it is scheduled to go down under an earlier figure to 495,000, which, thanks to you, we have now put a floor on. But we also have good reason to believe that there are those in the Pentagon who are attempting to put the soldiers down to 475,000 active-duty in the Army. That borders on insanity.

If that be the case, should the Army active-duty end-strength go down to 475,000, using Desert Storm as an example—and there is none better because it is so recent—with the 247,000 active-duty soldiers sent to Desert Storm, that will leave only 44,000 active duty soldiers to go to a second major regional contingency. It just cannot happen. So I compliment you on that.

Mr. Chairman, I have one question or clarification our counsel can answer very quickly. The military pay that is forfeited upon confinement, that means just what it says, I assume: confinement rather than being delayed on appeal. Is that not correct?

Mr. SCHWEITER. That is correct, Mr. Skelton. The forfeiture upon confinement would take effect upon announcement of sentence at the court martial.

Mr. SKELTON. Thank you. I think that is excellent. I appreciate your letting me comment.

Mr. DORNAN. I am going to turn over the floor here to our chief of staff, Colonel Chapla, in a second; but I wanted to make an appeal in case some of you start to leave at second bells. This vote shows you the dynamic, democratic, and deliberative power of the freshman class. This is Mark Newman of Janesville, WI. His substitute to the budget is getting a vote. How utterly exciting. And his budget is fantastic.

I would beg you to come back. We are going to have a few issues where we will call for a vote, and I do need the participation of everybody on those votes, if you can kindly come back.

So with that, Mr. Chapla, we will take a break when there is about 6 minutes left, 4 minutes after the next bells.

Mr. CHAPLA. In the interest of time, I do not have anything to add other than the summary that you have already prepared. I am

prepared, along with staff, to answer any particular questions on any of the sections that appear before you.

Mr. MONTGOMERY. Mr. Chairman, I have a suggestion. If we wait too long, we get clogged up and we nearly missed the vote last evening. Can't we go now?

Mr. DORNAN. All right. That is a good idea.

Mr. HUNTER. Everybody be back in, say, 10 minutes.

Mr. DORNAN. Yes. Duncan, will you be my sergeant-at-arms and enforcer, please? [Laughter.]

Mr. DORNAN. We will adjourn for this vote.

[Recess.]

Mr. DORNAN. We have nine members in attendance, so the committee will reconvene.

I just left you speaking, Mr. Chapla. Do you want to put any finishing touches on your statement, and then I will go to any amendments.

Mr. CHAPLA. Mr. Dornan, I do not have any particular comments. If there are issues that the Members want to address with regard to provisions in the bill language before them, the staff is well prepared to answer those.

Mr. DORNAN. All right. I would also ask for any comments or thoughts from any of my colleagues before we entertain amendments.

On my right, on my left, on the firing line? Yes, Mr. Pickett.

Mr. PICKETT. Mr. Chairman, I am not going to offer an amendment on this issue, but I will bring it up. It is one that I have discussed with one of the other Members here who is interested in it, and it has to do with active duty commandants for the military colleges.

I think it would be acceptable to just continue in place with what we have, which one of the schools now elects to do and—depending on how you look at it, the other three or five do not. But I think to open it up and say that all six would have the option and receive an active duty person to serve as commandant is going in the wrong direction for us. I think this issue is going to be dealt with at the full committee level, and I am not going to take the subcommittee's time today to work it, but I thought I would mention that.

Mr. DORNAN. All right. I look forward to a vigorous debate on it there. I have not completely made up my mind, but I am leaning toward my own personal vote being for active duty people at all those wonderful institutions.

All right. Any amendments? We will start on the majority side first.

What a happy bunch. I hand picked every one of you carefully. It worked like a charm at that lottery.

Yes, Ms. DeLauro.

Ms. DELAURO. Mr. Chairman, thank you. We thought we had gotten away with it.

I am not going to introduce this as an amendment today, but wanted to bring up an issue which we are going to take up at the full committee.

Mr. DORNAN. Please do.

Ms. DELAURO. It is to talk about my strong support—and I do not know about others on the subcommittee, but I have an opportunity maybe to talk about it a little bit. And that is to preserve the right to choose—abortions—for women who serve our country in the military. And I look forward to joining my colleagues in offering the amendment in the full committee.

What is at stake in this debate is quite simple, in my view, and I hope in others' views as well: Whether or not women who are in the military can exercise the same constitutional right to choose that all women in this country have today by virtue of the law. There is no issue of taxpayer funding in this issue because we are talking about medical care that is being paid for by the patients themselves. These are women who are paying the cost for the procedure. There is no issue of forcing medical providers to perform abortions because there is the existing conscience clause, which exists in all the services for those who have a moral or religious objection to abortion. So, on that whole question of conscience, people can exercise that right of conscience, which I believe in, and I know that you do and other members of the committee do. The debate is purely and simply one of the right to choose.

I would just say to you I think that this is kind of a first salvo, if you will, to roll back the right to choose for all women in this country; and so I wanted the opportunity to be able to talk about this, let people know and let the record show that we are not going to sit by and see that right to choose just taken away from women and that we are going to fight to maintain that right to choose.

I also think that it is no coincidence that the anti-choice provision of this bill is being considered just one day after the radical right has announced its anti-choice agenda for the rest of this Congress. The anti-choice forces held on and remained silent during the whole debate on the Contract With America, but yesterday and today they have told us that the price of that cooperation, in fact, is really to take away a woman's right to choose.

That is I think a terrible misreading of what this country is about and what the public sentiment is about, and that is, the American people overwhelmingly continue to support a woman's right to choose; and I think that they are not going to tolerate any effort to take away that right.

I urge a debate on this topic, and I just felt that I wanted to speak up and let you know that there will be the introduction of an amendment at the full committee. We need to preserve the right to choose for all women, including those who serve valiantly in our Armed Forces. And they serve this Nation, they give their lives for this Nation and they are being singled out in this effort. And that fundamental right that they have to choose has been taken away from them.

Thank you very much for hearing me out, Mr. Chairman.

Mr. DORNAN. Forcefully stated.

Any other response?

Mr. BUYER. Mr. Chairman, I would just like to respond. I think sometimes in a debate, whether it is about abortion—and that is what it is about, anti-choice, choice. I mean, let's talk about what it is about. I think it is better for all of us to discuss issues like that when we refrain from inflammatory language. If you believe

in the right to life—and we can talk about that kind of position—to say that anyone who believes in the right to life, whether you are a Democrat or a Republican, somehow you are now a “radical right,” that kind of language is not really good for the substance of the debate, because I guess if I support life, I support children, I support that.

Ms. DELAURO. As do I.

Mr. BUYER. And if that then all of a sudden makes me radical right, then if you are pro-choice that makes you radical left. See, I just think that it is unfortunate; and I respect you for bringing this up at the full committee and look forward to that lively debate. I also respect the chairman for having placed it in the mark for us to return back to the position that we had prior to the Clinton administration.

I yield back the balance of my time.

Mr. DORNAN. Yes, Mr. Ward.

Mr. WARD. I just wanted to say that when this debate does come up in the full committee, I will be speaking out in favor of keeping the situation the same as it is, where a woman does have a right to choose, and will be carrying on that debate in the full committee.

Mr. DORNAN. Thank you, Mr. Ward.

Mr. Hunter.

Mr. HUNTER. Mr. Chairman, thank you. I am reminded by this debate—incidentally, this is a healthy debate for an amendment that is not pending. [Laughter.]

But I am reminded of the days when I used to practice law in the barrio in San Diego; and I would have pro-choice, pro-abortion, or however you want to characterize the folks on the other side of the debate, say that women in the barrio should have the right to choose abortion. And my feeling was always that kids in the barrio should have the right to life, and I think that is applicable to the armed services. And I want to congratulate the chairman for investing in this markup something that I think is as important as the dollars and the end-strengths, and that is the strong moral basis upon which our national defense rests, that George Washington and other great Commanders in Chief envisioned should be a part of our military.

So I think this has been a great—I think you have done a wonderful job, Mr. Chairman, in marking this up, and I do know Ms. DeLauro will carry on a spirited debate on her position in the full committee, and I will look forward to it.

Ms. HARMAN. Mr. Chairman.

Mr. DORNAN. Yes, please, Ms. Harman.

Ms. HARMAN. I just wanted to state for the record what I have said at two of the premarkups to you, and I have also said it to the full committee chairman, Mr. Spence; that is, I wish we did not have these issues in this bill. I do commend you for holding thoroughly professional hearings on a variety of subjects, including end-strength, health care and recruitment and so forth. I have tried to attend as many as I could. And I—

Mr. DORNAN. You have been as faithful as anybody on the subcommittee in attendance.

Ms. HARMAN. Thank you, sir. And I agree with Mr. Buyer that this is an open process and it is a healthy process. But it is a

shame that we have to revisit issues that I wish were settled and not on the political agenda, including choice and HIV and so forth. And as you know, many of us will be raising those at the full committee level.

I just wanted to correct one other fact. I believe, Mr. Buyer, you said that the abortion amendment would return us to the practice before the Clinton administration. My understanding is that before 1988 the practice—1988, I think, but anyway, that it was President Bush who barred abortions for American women in foreign military hospitals.

Mr. DORNAN. It was the last year of Reagan.

Ms. HARMAN. At any rate, in the early Reagan administration and before, abortions were permitted to be performed in foreign military hospitals. We have only 23 of those hospitals, and it is really the only quality health care that American women can get overseas. And Ms. DeLauro has put some of the facts on the record, but I just wanted that corrected.

Thank you.

Mr. DORNAN. I was the freshman Congressman who, in August 1978, cut off 30,000 abortions in military hospitals paid for with tax dollars, not private funds. And since that 16 years ago, maybe next year with parents' permission somebody will be joining the military who was born because there was not easy access to abortion. So I will meet one of those people one of these days.

I just want to say something following up on what Mr. Buyer said, because I said that Ms. DeLauro's words were forceful. I just got a tilt, as Steve did, on that one term radical right. Even in the Presidential candidates, one of our numbers—a pretty good prosecuting attorney at that—uses the term "FRF," far right fringe. And to no avail, I have asked him to stop doing that. If the term "radical right" is out there—and I would resist using the term "radical." I do not think I have used it with all of my passionate debate on the House floor, with the sole exception of some Sandinista debates—

[Laughter.]

Mr. DORNAN. I have never found anybody that I would have called radical. It is hard to get elected today being a radical. But if you choose to use that word, well, radical right had its day on November 8th, and I look forward to a vigorous debate and one just as ladylike and gentlemanly as the one we had here today.

Any other issues? Yes, Mr. Montgomery. Now we will get to the real tense—

Mr. MONTGOMERY. I would like to get to the amendments.

Mr. DORNAN. Yes, let's go. You do have one?

Mr. MONTGOMERY. I do not.

Mr. DORNAN. Oh, you do not? You are saving it for the full committee?

Mr. MONTGOMERY. What I have is in the bill.

Mr. DORNAN. Are you talking about the civil military programs?

Mr. MONTGOMERY. I am talking about the ChalleNGe Program. Is that in the chairman's mark?

Mr. CHAPLA. No, in the chairman's mark is language striking the civil military programs. The question that you asked me at the beginning was: Are the civil military programs, National Guard

Youth Opportunities Programs in the President's budget? That is how I understood the question. I said yes. In the President's request, they are, to make them permanent programs.

Mr. MONTGOMERY. I have an amendment.

Mr. DORNAN. State it any way you want, Mr. Montgomery, and as chairman, I will accept it. If you do not have it written up, just state it.

Mr. MONTGOMERY. I have got it.

Mr. DORNAN. Oh, you do? All right.

Mr. MONTGOMERY. I am sorry. I had the impression from talking to counsel that it was in the Chairman's Mark. The defense bill did have it in the mark; is that correct?

Mr. CHAPLA. The President's budget request, yes, sir, does have permanent authority for the National Guard Youth Opportunities program in it. The chairman's mark does not have it. In fact, it strikes those programs.

Mr. MONTGOMERY. Then the chairman's mark took out the request from the Defense Department?

Mr. CHAPLA. That is correct, sir.

Mr. DORNAN. Mr. Montgomery, could I ask you one question? If you prevail today, this will probably be revisited. I heard talk of that from the great State of Indiana. This is Indianapolis Speedway month, so they are ready for competition from Indiana.

If you, conversely, go down in flames today, will you bring it up in full committee?

Mr. MONTGOMERY. Mr. Chairman, I will have to decide that. I will see whether I go down in flames or walk into Normandy as a hero. [Laughter.]

Mr. DORNAN. Mr. Montgomery, the floor is yours, sir.

Mr. MONTGOMERY. Mr. Chairman, it is a simple amendment. Let me briefly explain the program. I have talked to most of the Members on the subcommittee. It is the ChalleNGe Program; this was recommended during the Bush administration when we were having so many problems with young people dropping out of high school. Some of these youth programs we had were just not tough enough. They could not handle these young kids; and it was suggested that maybe a dropout from high school, a young man or woman, might have the opportunity to go to a ChalleNGe Program run by the National Guard. It was thought through that if an individual had not been tried and sent to jail, they would be eligible to go for 22 weeks to what is known as the ChalleNGe Program that would be implemented by the National Guard. They would wear the uniforms. It would not exactly be a boot camp; but these young people would volunteer and go to the 22-week school where they would be taught drill, they would be taught sanitation and manners.

They have had some of the best instructors in the different States teach at these ChalleNGe Programs. You have the tough sergeants who have kind of brought these young men and women around who later on would get in trouble because they dropped out of school. We brought these young kids in line, and that is the bottom line for it.

As I told you, Mr. Chairman, and others, I have never been big on working in youth, but I did go to this ChalleNGe school that I

saw in Mississippi, and it is a tremendous program. We are saving young men and women from going to jail. That is the bottom line.

Now, out of the 2,500 youth who have completed the 22-week program, 72 percent of the youth who start the program graduate. And, I mean, it is pretty tough on them. They had a graduation in Mississippi. A hundred students graduated. All their families came up. We put them in caps and gowns, and over 1,000 family members came out to watch these young men and women graduate. And 80 percent of that 100 who finished in Mississippi received the GED.

Yes; it cost \$14,000 to train them in that 22 weeks, but that is much better than \$58,000 a year for being in a penitentiary or being in a State prison.

Mr. DORNAN. Would the gentleman yield?

Mr. MONTGOMERY. Yes.

Mr. DORNAN. In pre-markup, you said it was \$48,000 a year. Did you just recheck your figures? If it is \$58,000 a year, then we have got to cut off the pornography and the color TV.

Mr. MONTGOMERY. I will accept \$48,000.

Mr. DORNAN. OK. You scared me.

Mr. MONTGOMERY. OK, \$48,000.

Mr. DORNAN. That is bad enough.

Mr. MONTGOMERY. This was a test program started under the Bush administration. They asked the National Guard to do it in the different States, and 16 States now have implemented the program. We hope that 37 States in all will have requested this program.

All I am trying to do is keep the program going. It was a test program for 3 years, and it has been funded. My simple amendment just changes the numbers from 1995 to 1996. The reason we are doing this comes from the Defense Department, from Ms. Debbie Lee, who is head of the National Guard and Reserves—and Secretary Perry is very strong for this program.

The study, Mr. Chairman, of whether this program has been successful after the 3-year pilot program will come out this summer. It might recommend that the program be altered. It might be that States put up more funding, or it might be that private funding would be called for. But we have not gotten a report. The program ends in October of this year, and all I am trying to do is extend it for 1 year. I think that is a reasonable request, and I hope the subcommittee would support my amendment.

Mr. DORNAN. Could I ask counsel a question? If Mr. Montgomery prevails and we put it back, what do we do with the offset problem since we carved this money out to provide for more technicians?

Mr. SCHWEITER. Well, eventually, there would have to be an adjustment made within the personnel account to take into account the difference in funding.

Mr. DORNAN. Right.

Mr. MONTGOMERY. Maybe I have a little different interpretation. As Mr. Higgins explained to me today, this funding would not come out of personnel. Is that correct? It is in O&M?

Mr. HIGGINS. That is correct, Mr. Montgomery. As you know, all the funding involved here is, in fact, O&M, operations and maintenance funding. Historically, when the subcommittee acts on an

issue that involves O&M funding, the staff would coordinate any changes that would be required and obviously report back to the members if those changes were not possible within the O&M account. It is a rather informal process, I would have to admit.

Mr. LEWIS. Mr. Chairman, could I ask a question?

Mr. DORNAN. Yes, please.

Mr. LEWIS. Mr. Higgins, how would that affect readiness, though, if it is taken out of O&M? Would that affect any funds coming out of readiness?

Mr. HIGGINS. It would require readiness to make an adjustment. So one would assume that any change that would be required from any action we took would have to be adjusted within the O&M account. There would be obvious offsets.

Mr. CHAPLA. The program is a \$61 million program for fiscal year 1996, and it would mean a reduction somewhere in the O&M accounts of \$61 million to offset it.

Mr. MONTGOMERY. I think what you are going to have to decide here, Mr. Chairman, is whether this program has merit to it or not, whether they ought to try to save these young men and women from going to Federal prison. I did not think the money issue should be involved at this time. Give us one more year to test this program, and then the Defense Department will tell us whether they want it or not. I think at this time that they are very sold on it and probably will recommend that the program continue. They might recommend that States participate and also that private enterprise participates.

Mr. DORNAN. All right. Mr. Buyer.

Mr. BUYER. Mr. Chairman, I rise in opposition to the gentleman's amendment and move to strike the last word.

The question asked by Mr. Lewis of Kentucky I think is a very appropriate question, because if we are having to extend the program, then the question is: Where do we get the money? If it comes from O&M, we are talking about readiness. And so we are having to make judgmental decisions here as to whether we decrease the military in a dwindling dollar environment, how do we juggle and make very good decisions.

As I analyze this one, I realize that the Civil Military Cooperative Act programs were authorized in fiscal year 1993 Defense Authorization Act to allow us to use the skills, capabilities, and resources of the armed services to assist civilian efforts to meet the domestic needs of the United States.

If you would hand that out, please, Jim, to all on the committee, some of the originating goals of the program were to enhance individual unit training and morale through meaningful community involvement, encourage cooperation between the civilian and military sectors of our society, advance equal opportunity in the Nation and help alleviate racial tension conflicts, strife, and misunderstanding in our Nation, enrich the civilian economy by transfer of technological advance and manpower skills, to improve the ecological environment and economic/social condition of the areas—this gets warm and fuzzy here—the social condition of the areas that are within the reach of our existing military base structure, and then increase opportunities of disadvantaged citizens, particularly chil-

dren, to receive training, education, employment assistance, as well as recreation.

Based on those goals, there was an assumption. The assumption stated in the act was:

As a result of the reductions in the Armed Forces resulting from ending of the cold war era, the Armed Forces will have fewer overseas deployments, with lower operating tempos, and there will be much greater opportunity than in the past for the Armed Forces to assist civilian efforts to address critical domestic missions.

Now, that was the assumption at the creation of the program. We know, though, that for the last few years there has been an increase in the operational tempo of the U.S. military throughout the world. So when you look at not only at our involvement whether it be to the destruction of weapons in the former Baltics to involvement in the former Yugoslavia, to our involvement in North and in South Africa, to the tensions of the Korea Peninsula, to Haiti, to—the list goes on. So we have increased the operational tempo. We have increased U.N. peacekeeping missions. And so we have many of the generals come in and testify before us: In September 1994, the Chief of Staff of the Army, Gordon Sullivan, stated, "The Army is on that razor's edge of readiness." He also stated in 1993—this is the same year that the civil military programs were initiated—"The Army training tempo fell to its lowest point in years."

So we have testimony before this committee, testimony by Maj. Gen. Robert Ensslin, who is the executive director of the National Guard Association of the United States; I have before each of the Members his testimony before the committee. When I asked him about the funding for these particular programs, he said, "I think that they"—meaning the civil military programs—"are great programs, but I do not think they really belong in the defense budget." That is the executive director of the National Guard Association.

Maj. Gen. Roger W. Sandler, the executive director of the Reserve Officers Association, in his testimony before us—you have it in front of you—

We train our forces to fight. We do not train them to do civil military cooperation within the United States, to perform any other kinds of civil activities within the United States.

You see, there is a very simple logic here, my colleagues. It is that these programs were based upon goals and assumptions. The assumption now, today we recognize, is a false assumption. So we have the predicament now. Do we continue to fund a program for which we now recognize that the assumption is false?

I would submit that it is irresponsible on our part to continue with our head down and say, you know, these are great programs, and without a doubt, I would agree with the gentleman from Mississippi that ChalleNGe is a wonderful program. That is why even in the crime bill that we voted on, we had boot camp for the kids, we recognize the benefit of military training. But we also have to recognize that this is not the first time that this issue ever came about.

You see, after Vietnam, we had the very same thing happen. We were downsizing the military from Vietnam. We wanted to move away from the draft. And, aha, there were tendencies to the attitude to move the military in a direction for greater involvement in civil uses there; because we say at time of peace, we may as well

use the military for some other form or function. We get that dual purpose out of them. We can get double bang for the dollar.

So in the 1970's, we had the very same thing happen. They called it back then the domestic action second only to readiness training. The buzz words then in the early 1970's were building and bettering, clean and green, summer recreation, balancing nature, personal involvement, restoration programs, USA CASE, medical assistance, and hand to youth.

This is a gentleman who participated in these programs. He is a retired colonel. He wrote me and said, one of the most egregious errors of that period was the inflicting of team handball on the troops. The entire Army Reserve was mandated to learn the game and to introduce it to the American youth in hopes of making team handball a national sport.

To satisfy the domestic action mandate, Army Reserves was forced to forgo needed military training in order to teach high school students radio communications, to teach others to prepare for private pilot license exams, to pick up trash, to build park benches, et cetera, et cetera.

Now, this is the ebb and flow. Not only do we have the ebb and flow, Mr. Chairman, of politics, but we have the ebb and flow of cycles. Every time we go to war and we downsize, we think there will always be peace forever. We come back from Desert Storm; we downsize the military. I can understand why these programs were put together, but to my colleagues, we are now faced with that very false assumption.

One last comment I will make that you also have in front of you, from the military acquisition. This is a letter from Major General—the Assistant Deputy Chief of Staff for Operations and Plans, the DS-OPS, wrote to Maj. Gen. John Matthews, the president of the National Guard Association. By this letter he is saying we need more artillery, we need to plus up the artillery. You said, well, wait a minute. What does that have to do with what we are talking about now? They want to plus up. They need about \$110 million for plus-ups to the National Guard in Mississippi, in Kansas, and in Georgia.

Now, you say, what does that have to do with this? You see, we are having to juggle and make very difficult decisions here, because as Mr. Skelton pointed out in his numbers—and numbers are not lying—if we have a national security strategy to fight and win nearly two major regional conflicts, and we take 247,000 troops and we send them to one theater, and we only have left 44,000 to go to the other, where are we going to get the troops?

Sure, we can augment with the Marines, but this is why Sonny Montgomery's leadership talked about the enhanced brigades of the National Guard. We pull in the reserves of combat arms, but we need the enhanced brigades. Now we are having to come up with some difficult choices here. So when we are talking about the continuation of a program, and propose to take the money out of O&M, we have all the generals saying we need more munitions, we need modernization, we need to be there so we can fight and win the Nation's wars.

To my colleague, that is the decision that we are faced with. So I respect the gentleman. Do not interpret this, if it goes down, as

going down in flames. You will always operate in your steadfastness, Mr. Montgomery. You are always a hero of mine whether you are in Normandy or anyplace else. And I know we will continue to be strong advocates for the United States military, and in no way do I see this as one individual battling who is going to be more promilitary than the other, because you got me.

Mr. DORNAN. He gave you a nice parachute at the end.

Mr. MONTGOMERY. I want to commend the gentleman for his remarks; he has worked on this, and for his handouts. He is bringing some out that I have not even seen.

But I want to tell the gentleman, that all these handouts support what I do, and the bottom line is what I have said here today. They support this program and all I am really asking is that we finish the Challenge Program, we test it out and see if it works. We are not talking about that much money. It is coming from the O&M account.

Yes, if the appropriators give us the money, it could be in the vicinity of \$61 million. But, basically, my amendment does not have any money in it. It would really have to be left up to the appropriators. I think we have probably spent enough time on this. I would like to call for a vote.

Mr. DORNAN. Mr. Skelton.

Mr. SKELTON. I do not wish to prolong the debate. I think often, if we are not careful, we can lose sight of what we are supposed to do. We are supposed to provide the troops the training, the equipment, the quality of life for young people to win our wars. In order to do that, you have to have a lot of components, including first class young folks, outstanding leadership, training, quality of life.

I know of one young sailor who has a sign in his kitchen that says "If mama ain't happy, ain't nobody happy" which means that if you do not take care of the refrigerators and the roofs and the barracks and the living quarters, you are going to lose that young sailor, that young soldier.

In Europe this last November, I spent some time, with a couple of other colleagues, with Army troops in Vincenza, visiting with various troops and also with Gen. David Maddox, who was then the Commander in Chief of the Army in Europe. We learned that last year he had to transfer \$300 million out of the training account into the O&M account to fix the barracks, and to fix the family housing. In talking with some young sergeants, they did not have enough ammunition to fully train and fire.

I think it is our job to see that that money is there. This is not that much money, but \$61 million in the hands of Gen. David Maddox would have given a lot more training, or else a lot more O&M to fix the living quarters.

So it is with a great deal of pain, quite honestly, that I disagree with my wonderful friend here; but I think that if we are not careful, we will lose sight of what we are supposed to do.

Mr. MONTGOMERY. Would the gentleman yield? You are not being consistent. You totally support the Junior ROTC Programs. There is \$171 million in there. What is the difference between trying to help a young man or woman in a National Guard camp; it does not cost that much, \$61 million? I do not follow you.

You have been totally supportive of Junior ROTC, yet you turn around and oppose this, that really gets to the kids that need some help.

Mr. SKELTON. If I may answer the question, the definition, the words tell you what is. The Junior Reserve Officer Training Program is a preparatory program which does, in truth and fact, produce young people, young men and young women, for officership, and for many of the non-commissioned officership in our military. It has proven itself over decades.

Mr. MONTGOMERY. A third of these young men and women I am trying to defend, and I may not be doing a very good job, but a third of them will join the military and they will not go to Federal prison. I really cannot see the difference, and I support the Junior ROTC program, but it just makes sense to give this program—it is a test program—give it another year.

The way some have talked here today, if we do not defeat this program here, this money that I am asking for, that the military is going down the drain. That is not going to happen.

Mr. DORNAN. Ms. DeLauro.

Ms. DELAURO. Let me just ask, this is the kind of program that—and I understand what Mr. Montgomery is saying—it is a preventive program. There is a fine line as to whether or not it belongs in the military or elsewhere, but the program is started. It looks like it is making some progress. It does take young people who are at risk, it gives them the benefit and the opportunity to see what the military is all about. And it gives them a leg up in that sense. As the statistics show, and I do not know all the statistics, people do go into the military, they have the advantage of that training, and that esprit de corps, and all of the things that we hold so dear.

It also provides an opportunity for education and for a competitive life, bringing people into the mainstream, which we are trying to do in a variety of ways. And it may be some sort of a fine line except that what we want to do is to expose young people who have not had the opportunity to some of this discipline and to the education, to this kind of an opportunity, so that, in fact, they can go on to lead productive lives and not be a continual drain on society.

Now there are probably different areas of our budget where we can make some accommodation for these kinds of programs, so that we can move at that problem for the most at-risk people, to see if there is a way to try to turn them around. I do not know if this is possible.

I do not know if Mr. Montgomery or other members or the staff can work with him to try to take a look at where there might be an opportunity to do so some offsets, to see what is there, so that this can be continued, and we might be able to try to see if there is a success rate, give it a little bit more of a chance here, see if we can deal with some offsets where it is not going to jeopardize readiness or anything else, and allow this program to move forward.

Mr. DORNAN. We are at an impasse here with two powerfully articulate arguments, so I may have to turn to the wisdom of a paratrooper from the first revolutionaries of this modern time, the

Reagan class of 1980. Would Lieutenant Hunter want to wisely resolve this, and tell us what you are going to do?

Mr. HUNTER. Well, thank you, Mr. Chairman. This is really a tough call because I have a friend, one of our good neighbors in Virginia, who had a young man who has been in this program. It is a very successful program. She told me just the other day not to come back to her house if I voted against it, so I may be in trouble; but her young man, whom I know, has turned around 180 degrees.

Also, I think there is truth to the idea that this program does prepare and give young people, a number of them in the program, an idea about the military that attracts them to the military and later on induces them to join the military, carry on, and be part of our resources. So it does have a military value, but let me go back to another idea.

I think of my great aunt and the picture that is still on her dresser of her son Stillwell, who was killed on the Korean Peninsula; I think it was 1952 or 1953, as a marine. We lost a lot of people on that peninsula because our military was not ready.

So we are really talking, Mr. Chairman, about two conflicting ideas, both of which have been very well articulated today. One is this idea that we prepare our young people, that we save them, that we do give them some guidance with respect to the military, we give them a preview of military life in this program, and that is very beneficial.

The other is that we have a duty, the first duty we have to our citizenry on this committee, and in Congress, and that is to have this military ready for combat in such a way that as many of their children as possible come back alive when we are in combat. The great success of Desert Storm was that we were prepared and we were well equipped. Of those 50,000 body bags that I understand we sent to Desert Storm, obviously the vast majority of those came back empty.

That, I think, is our first obligation. I think our readiness problems have been understated by the administration. Somebody said in this debate, the generals have said in veiled ways, and our leaders have said in veiled ways, using the terms razor's edge of readiness and other phrases. They have given us the code, even while they adhered to the formal numbers of their President's budget.

I think, in this case, we have to follow the first obligation, and the first obligation is to our troops. That is what makes this a difficult program, because this is not waste, fraud, and abuse. It is a valuable program, but I think listening to the articulate arguments—and I have not been decided until this hearing—I am going to vote to sustain the chairman's mark here, reluctantly.

We have very few resources, Mr. Chairman, and my colleagues. I think those resources have to be directed to that first obligation: to have a ready military. Thank you, Mr. Chairman.

Mr. BUYER. I will give you a pillow, Duncan.

Mr. DORNAN. Mr. Watts of Oklahoma.

Mr. WATTS. Thank you, Mr. Chairman. I would like to speak to this amendment.

If we are trying to determine where to spend our resources, I personally would much rather invest in our resources here at home, rather than sending our troops and our readiness dollars or

how we prepare our troops for readiness and the money we spend sending them to Haiti.

I appreciate the concerns of my colleague from Indiana and I support his position on readiness. I support it, I agree with it totally.

However, I am going to support this amendment, because this vote, on my part, is a vote for me in the confidence of our military. I, too, have one of these programs in the State of Oklahoma. It is not in my district, so it does not help my district any kind of way, but we do have one of these programs in the State of Oklahoma. I have seen it work and I have talked to people about how it has worked. I have talked to people who have been in the program.

I think there is not a military facility that I have been on, post or base, where I have not stepped foot on those grounds, and felt great pride and great confidence in who we are as a military and what we stand for. I think it is a tremendous thing for our kids to be exposed to this and get that pride and learn responsibility, be taught responsibility and organization.

I think this is a great program to do that, and I do think that our kids need to be exposed to it. If we want to spent \$61 million to save one kid, well that is a bit much. However, we do save more than one child in this thing. I think it is even a pretty good argument to say if we are saying any of them, it is worth it.

I have been in the trenches with kids. I was a youth minister before I came to Congress. I know what those kids are facing. I hope my kids someday can be exposed to the military because of the pride, the organization, and the respect it creates, and the responsibility that it teaches. I do not want them to be in there because they are thugs, but I do hope that my children can be exposed to the military someday, just because of who they are and what they stand for.

Therefore, I will support this amendment.

Mr. BUYER. Would the gentleman yield?

Mr. WATTS. Yes, sir.

Mr. BUYER. You are, without a doubt, one of the rising stars in this Congress. Not only are you intelligent, you are very articulate, and I have great respect for you, you are a strong family man.

This is the beginning of the struggle that all of us are going to go through throughout the entire summer in all of our other committees. I mean, this is the beginning. Today we are voting to place this country of ours on a path to a balanced budget, and within 7 years we are talking about cutting \$1.4 trillion. This is the beginning of that debate.

We are having our subcommittee mark. We are struggling with the prioritization of programs. I agree with Mr. Hunter. We have to go back to the beginning. What is our duty and obligation as a committee? What are our responsibilities unto our country?

When it is to fight and win the Nation's wars, we have to go back to the basics. To my colleague, if the President of the United States, as commander in chief, wants to change the national security strategy from fighting and winning nearly two simultaneous major regional conflicts, and say well, we are only going to provide for one, which has all types of diplomatic, diplomacy ramifications, we would not be struggling like we are struggling here today.

But we have our obligations to Europe, the Middle East, Africa, other nations, as well as the Korean Peninsula. So we are having to do a juggle with priorities of programs. And when it comes down to programs, is this a good program? I think all of us on this committee recognize that this is a quality program. Not only you, but Sonny Montgomery, is very eloquent in that.

But when we are having to talk about shifting of our assets, we have to listen also to our generals. We have to give, at times, deference. When Carl Mundy, the commandant of the Marine Corps, came over and said on the 22nd of February, 1995, in his statement to us, that this budget provides an opportunity for an effective a ready Marine Corps; but to ensure current readiness, we have deferred investment in modernized equipment for our ground forces as well as investment in our physical plant, in terms of necessary maintenance and repair. We can do this in the short term, but I remain concerned about the not-so-distance implications of continuing to defer needed investment in the Marine Corps of the future.

So when I hear the words readiness, J.C., I think that readiness is defined by life on the battlefield and saving of equipment. I respect you in your decision and I want you to remain clear of why I have my position.

Mr. WATTS. I do, and I appreciate your comments.

Ms. HARMAN. Mr. Chairman, I know this discussion has gone on a long time; I will be very brief. As you know, I support a strong defense and I will vote to fund one. I doubt there is anything in Mr. Hunter's Procurement Subcommittee that I will not support, and I am working with him on a couple of new items, as a matter of fact.

Here, however, I would strongly support Mr. Montgomery. I only wish he would support me as many times as I support him. That was said with a smile.

I do not think we have to trade readiness for kids. I think that Mr. Watts has it right. I think this is an investment in our national security and it is an investment in readiness. I think we can do both. I know there are tradeoffs. I am a supporter of the balanced budget amendment, too. I am prepared to make the tough votes.

But I think that to continue an investment of \$61 million in a successful program that saves kids is definitely part of our mission, and I strongly support doing it, and would work with anyone to figure out where to find the money.

Mr. DORNAN. Yes, Mr. Pickett.

Mr. PICKETT. Very, very briefly, Mr. Chairman.

I think that we talk about finding money, and I am sure it is in quotation marks as we talk about it, because it is all over the place. One place I think you might look is at the Defense Business Operation Fund. If I am not mistaken, that bottomless pit has got something like over \$500 million in it. If we cannot find \$61 million to take care of this essential program, then we are not doing a very good job of allocating resources.

Mr. BUYER. Would the gentleman yield?

Mr. PICKETT. I would be glad to.

Mr. BUYER. You have been here far longer than I have, and you have seen a lot of this happen, and since I am new, what really gets me, Mr. Pickett, is when we have generals come and testify before this committee. We asked everyone of them, what is your shortfall? And they told us. In their testimony, they testified about where their shortfalls were.

We then have to listen to what their shortfalls are. If there is money sitting over there, why do they come testify to us about shortfalls so we can get them more money?

I guess the message that I am sending is that generals here on out, if they are going to come testify about shortfalls, they better be up front about it. Because when I look at the uniform, it carries with it the sense of honor and credibility. If they are not going to be credible in their testimony, then perhaps we are going to have to start swearing all witnesses.

Mr. JEFFERSON. Mr. Chairman, may I make a brief remark in support of Mr. Montgomery's amendment?

I understand the readiness argument that is being made, but I would suggest that we may be making a premature judgment on this issue of readiness because, as Mr. Montgomery points out, there is a study that is being unveiled shortly. It may disclose that there are options we can take that will not involve at all reaching into the funds that would take away from readiness.

It may suggest, as he says, any combination of ways through State resources, private resources, that might limit this whole debate about readiness. So I do not think we ought to make a decision today on this amendment, based on whether we are plunging ourselves off some cliff to make ourselves unready, or whether we are. I think that is a decision we can postpone until we see this study.

You make a decision today which may implicate the readiness question, but it may not necessarily be one that becomes a permanent implication because it may be obviated as soon as we have a chance to look at this study and have a chance to look at other options.

So I would ask us to make the decision on Mr. Montgomery's amendment today, which in effect postpones in a very real way this whole ultimate decision about the readiness question, because we will have some time to see how this thing comes out.

I think it is a very valuable program and because it is so valuable, we ought not make a decision today that, in effect, kills it when there are going to be options coming up down the road that may give us some opportunities to be supportive of it.

So I would like to see it kept alive today. If we have to make a judgment down the road in a different way, then perhaps we can do that. But there is no reason why we should make it today, particularly when we have invested in a study on this subject.

We have seen too many times how we put studies in place, we have all the good efforts made, all the experts are writing their reports, and just before we get to read the reports, we make a decision. It makes no sense.

I would hope that, we are talking about waste and abuse, this would be an example of where this committee turns its back on this study that is coming forth and it is another example of waste

on the part of the Congress. So I would hope we would not do that, and I would hope we would support Mr. Montgomery.

Mr. DORNAN. Mr. Jefferson, Mr. Montgomery could not pick a better anchorman.

Mr. CHAMBLISS. Mr. Chairman, may I make just a short comment?

As Mr. Montgomery and Mr. Buyer know, I have been struggling with this issue for the last several days for a couple of reasons. My State is very generously affected by this program, and it works. There is nobody in the Congress for whom I have greater respect than Sonny Montgomery. Without knowing whether the program was any good or not, if he tells me it is a good program, that is good enough for me.

But I have real concerns about this type of program, particularly after having visited numerous Guard units and Reserve units in my State over the last several months. And I also have had numerous constituents in my office since November 9, telling me about their programs and the fact that they do not want them cut. And they are good programs.

There are a ton of good programs inside and outside the DOD that are good programs. When I think about seeing some of the equipment that our Guard and Reserve units are having to operate with, I see areas where this money can certainly be utilized in better respects from a Guard and Reserve standpoint. I am very reluctant to vote against the amendment, but that is my decision at this time, Mr. Montgomery. I am extremely reluctant to do so, but I just wanted you to know my feelings.

Mr. DORNAN. A wise word from Wichita, Mr. Tiahrt.

Mr. TIAHRT. I just want to add something new to the argument. Mr. Montgomery called my office and I spoke with him about this. Although Kansas does not have funding for this program at this time, they are in line for it. But I know that we have had a similar program in the State, and it was funded through the State legislature.

We have been hearing here that this is a good program, and that the only way it was going to continue is if the Federal Government was involved in funding it. But I know that, from my own experience as a State senator in Kansas, we have had a similar program in our State, funded through the State, because they believe in the program; it has been successful.

I have only heard one complaint about it, and that was from a police officer in Wichita who said when those guys come out of the camp, they are much faster than when they went in. Some of them are a little harder to catch.

But by far it was successful. By far it has been successful in Kansas, but it was not funded through our budget here, through this committee, through personnel and through the Federal Government at all. It was funded through the State legislature.

Mr. DORNAN. Mr. Ward, you wanted another shot to anchor this for Mr. Montgomery?

Mr. WARD. This is my first shot on this issue.

I do not have quite nearly as good a story as the police officers, but I did hear from the National Guard in Kentucky. I talked with General Zarn yesterday and he strongly supports the program, Mr.

Montgomery. With Mr. Montgomery and my general, I do not see how I can go wrong voting with your amendment, and I support the amendment.

Mr. MONTGOMERY. I wish the general were here; he would have a vote.

Mr. DORNAN. He also would have a beret on his head. All right, thanks. If that is the end of the discussion, the question is on the adoption of the amendment of Mr. Montgomery. So many as are in favor will say aye.

[A chorus of ayes.]

Mr. DORNAN. Those opposed?

[A chorus of nos.]

Mr. DORNAN. I had better ask for a show of hands here.

Mr. MONTGOMERY. Can we just have a vote?

Mr. DORNAN. All right, let us have a recorded vote. The clerk will call the roll.

Mr. CHAPLA. Mr. Dornan.

Mr. DORNAN. No, with heavy heart.

Mr. CHAPLA. Mr. Pickett.

Mr. PICKETT. Aye.

Mr. CHAPLA. Mr. Buyer.

Mr. BUYER. No.

Mr. CHAPLA. Mr. Montgomery.

Mr. MONTGOMERY. Aye.

Mr. CHAPLA. Mr. Lewis.

Mr. LEWIS. No.

Mr. CHAPLA. Mr. Skelton.

Mr. SKELTON. No.

Mr. CHAPLA. Mr. Watts.

Mr. WATTS. Aye.

Mr. CHAPLA. Ms. Harman.

Ms. HARMAN. Aye.

Mr. CHAPLA. Mr. Thornberry.

Mr. THORNBERRY. No.

Mr. CHAPLA. Mr. Jefferson.

Mr. JEFFERSON. Aye.

Mr. CHAPLA. Mr. Chambliss.

Mr. CHAMBLISS. No.

Mr. CHAPLA. Ms. DeLauro.

Ms. DELAURO. Aye.

Mr. CHAPLA. Mr. Tiahrt.

Mr. TIAHRT. No.

Mr. CHAPLA. Mr. Ward.

Mr. WARD. Aye.

Mr. CHAPLA. Mr. Hastings.

Mr. HASTINGS. No.

Mr. CHAPLA. Mr. Hunter.

Mr. HUNTER. No.

Mr. CHAPLA. We have seven ayes, nine nos. The amendment does not pass.

Mr. DORNAN. The amendment is not agreed to.

Are there any other amendments, please?

[No response.]

If that is the one and only amendment, then I would like to recognize Mr. Pickett for any concluding thoughts.

Mr. PICKETT. Thank you, Mr. Chairman. I now move that the subcommittee adopt the chairman's mark and report the same favorably to the full committee.

Mr. DORNAN. The question now occurs on the motion of Mr. Pickett. So many as are in favor will say aye.

[A chorus of ayes.]

Mr. DORNAN. Those opposed, nay?

[No response.]

Mr. DORNAN. The ayes have it. The motion is agreed to.

Mr. HUNTER. Mr. Chairman, before we adjourn, if I could, let me just compliment you on your first markup and the great job you have done handling all these issues and working with all of the Members.

Mr. DORNAN. I did just as well in Intelligence, but the world will never know.

Mr. HUNTER. The world will never know.

Mr. DORNAN. I ask unanimous consent that staff be authorized to make any necessary technical and clerical changes, and to remove from the mark legislative provisions that would cause the bill to be referred to another committee or that would result in direct spending. Is there objection?

[No response.]

Mr. DORNAN. Without objection, so ordered. There being no further legislative business before this subcommittee, this meeting is adjourned.

[Whereupon, at 2:46 p.m., the hearing was adjourned.]



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